

MARIA L. VARISCO-ROGERS CHARTER SCHOOL

**Board of Trustees
MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Newark, New Jersey**

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

**Comprehensive Annual
Financial Report**

of the

MARIA L. VARISCO-ROGERS CHARTER SCHOOL

Newark, New Jersey

For the Fiscal Year Ended June 30, 2020

**Prepared by
MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Finance Department**

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INTRODUCTORY SECTION
(UNAUDITED)

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
233 WOODSIDE AVENUE, NEWARK,
NEW JERSEY 07104 973-481-9001

December 15, 2020

Honorable Chairperson and Members of the
Board of Trustees
Maria L. Varisco-Rogers Charter School
County of Essex
Newark, New Jersey 07104

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Charter School's organizational chart, roster of officials and a list of consultants and advisors. The financial section includes the Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the Charter School's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the Charter School, generally presented on a multi- year basis. The Charter School is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES

Maria L. Varisco-Rogers Charter School was originally granted a charter by the Commissioner of the New Jersey Department of Education on September 9, 1999. At that time, the school opened its doors to its first 32 students which consisted of 16 students in the sixth grade and 16 students in the seventh grade. Over the past twenty-one years the school has continued to grow in student and staff population, facilities and equipment, services offered, and in grades serviced.

Maria L. Varisco-Rogers Charter School ended the 2019-2020 school year with an enrollment of 577 students.

2) MAJOR INITIATIVES

A. PERSONNEL MANAGEMENT:

During the 2019-2020 school year, administration continued to use the same protocol as last year to ensure that all candidates applying for a position within the school which required appropriate credentials and certification were properly credentialed and certified. For the 2019-2020 school year, the school was able to maintain full-time employment of its current staff. This included during the mandatory pandemic quarantine from March to June 2020 which required all schools to provide students with remote instruction. Amongst our administration staff, a part-time director was promoted to full-time (Director of Mathematics). Two directors received title changes (Assistant to the Lead Person/Director of Curriculum and Assessment and Director of Business/Policies and Procedures). Two Directors were changed to Supervisors (Supervisor of Special Projects and Supervisor of Technology Education.) Also, the school hired a Vice-Principal for grades 5-8. The school remained successful in maintaining its facilities located at 18 Heller Parkway and 243 Woodside Avenue, and its administration buildings located at 233 Woodside Avenue and 381 Woodside Avenue, all in Newark, NJ. The school continued to use the space at building 233 Woodside Avenue to utilize the Science and Mac Computer Laboratory, as well as additional space for resources for ESL, language arts, and special education teachers.

B. EDUCATIONAL PROGRAM:

The mission statement of the Maria L. Varisco-Rogers Charter School (MLVR) is to: “Improve the educational achievement of all pupils based on the belief that all our children can learn.” It is our belief that we must empower all learners to contribute to our ever-diverse world while empowering them to reach their full potential. We have built upon our tradition of excellence by supporting our students in the following ways:

- Understand that all students have diverse approaches to learning and needs and that all students need to be appropriately challenged to maximize their full potential.
- Recognize that in order to educate the whole child we must address not only their academic but also their social-emotional needs.

The Maria L. Varisco-Rogers Charter School’s educational program services 577 students in grades Kindergarten through eighth. These students have an opportunity to participate in a variety of programs which include, but are not limited to, the following:

- Basic Skills: Literacy
- Bilingual Kindergarten
- English as a Second Language
- Special Education

During the 2019-2020 school year, MLVR has continued to undertake a rigorous and comprehensive school improvement process designed to increase academic performance for all of our students. We have recognized that the key to the success of all of our students is the continued usage of research- based instructional practices. The technology program, staff evaluation system, and curriculum revisions are aligned in support of the New Jersey Learning Standards (NJSLs) and current pedagogical best practices.

2) MAJOR INITIATIVES (CONT'D)

B. EDUCATIONAL PROGRAM: (Cont'd)

MLVR has undertaken a number of major curriculum initiatives focused on student growth and learning. These initiatives range in scope and focus based upon student need, grade, and development. Major initiatives have been implemented in the areas of curriculum, technology and facilities in our efforts to improve student outcomes and provide our students with exemplary learning environments and opportunities. A review of the school's curricula, pacing guides, and scope and sequence was conducted in the following areas: English Language Arts/Writing, Mathematics, Science, Social Studies, World Language (Spanish), Music, Physical Education/Health, Art, and Technology. Teachers are involved in the process of curriculum review and revision in conjunction with the Administrative Team as instructional planning is important because it has afforded teachers with the opportunity to consider the ways curriculum interacts with actual students in a real school environment. This in turn has led to both a horizontally and vertically aligned curricula across our grade spans and has continued to evolve throughout the school year. We have been, and remain to be, committed to addressing not only the academic needs of our learners, but also emphasizing character education/respectfulness while addressing the socio-emotional needs of our students.

The following areas were addressed during our curriculum review and revision:

- Revision and updates to existing curriculum to reflect best practices in current classroom instruction.
- Developed and implemented a multi-tiered system of supports to meet the needs of all learners with a focus on the classroom environment.

As a result of the Covid-19 health related school closures all curriculum guides had to be realigned from March until June of 2020. Our instructional team comprised of educators and administrators reviewed the curriculum changes for the 2019-2020 school year and realigned them to meet the needs of our remote learning program. We adjusted our curriculum to ensure continuity of learning for all students and that essential grade level expectations are met.

Due to the sudden changes in the learning environment we chose to prioritize the following:

Focusing on essential learning targets by reviewing the following:

- What targets are clear building blocks for the next year's content?
- What targets continue to spiral in future grade-levels?
- What targets may be already addressed in next year's course?
- What targets should students have mastered in this grade-level?
- What targets capture essential skills that students will need to be successful in future academic courses?

Condensing of instructional units in order to accommodate remote learning

The Maria L. Varisco-Rogers Charter School has continued to maintain an open dialogue with staff in order to provide both meaningful and ongoing professional development to its staff throughout the school year. We have increased our investment in high-quality teachers based on the data assessment of our students' needs and the recommendations made by the NJ Department of Education during our 5-year renewal. All professional development opportunities are meant to maximize our efforts in closing the achievement gap between students of color as well as economically disadvantaged students and their peers.

2) MAJOR INITIATIVES (CONT'D)

B. EDUCATIONAL PROGRAM: (Cont'd)

The Administrative Team and the teaching staff attended subject area meetings throughout the school year and provided ongoing professional development in various areas of focus during the school year. Lesson plans were developed collaboratively by grade level or subject area teams and submitted bi-weekly on Realtime for archiving and feedback. Supervisors reviewed lesson plans to ensure lesson tasks were aligned with the content and language objectives, the New Jersey Student Learning Standards, and the curriculum as well as to ensure that all plans were both rigorous in nature as well as engaging for all learners.

The school continued to emphasize the use of instructional technology for teaching and learning. Classrooms are equipped with Smartboards, interactive white boards, iPads, instructional software, and Smart Response Systems. Additionally, students in grades 6-8 receive a school-issued Chromebook to use both in school and at home. Students in fifth grade have a school-issued Chromebook that has been assigned for their use during the school day. All Chromebooks were used to access student online textbooks, instructional programs, and applications. During the school-related health closure, students in fifth grade were allowed to take their school-issued Chromebook home in order to provide ease of access to all remote lessons.

One main focus of the school has always been an Individualized Educational Plan through the use of data-driven instructional practices. Administration of common, formative benchmark assessments for all students was key in order to ensure differentiated instruction to meet learners' needs, while working towards grade level standards' mastery. In addition, formative assessment strategies were infused in daily lessons to enable teachers to continuously monitor student progress.

During the first month of school, teachers in:

- First through eighth grade administered the Developmental Reading Assessment (DRA) in order to determine a student's instructional level in reading.
- Kindergarten and first grade administered Pre-Assessments in reading and mathematics in order to understand the proximal zone of each student utilizing the NWEA Measures of Academic Progress (MAP) assessment.
- Second through eighth grade administered Pre-Assessments in Language Arts and Mathematics utilizing Study Island in order to understand the proximal zone of each student.
- Fifth and eighth grade administered Pre-Assessments in Science utilizing Study Island in order to understand the proximal zone of each student.
- Additionally, all specialty area teachers administered Pre-Assessments to each of the classes they served to understand the proximal zone of each student within: Art, Music, World Language (Spanish), Technology, Physical Education, and Health.

An Afterschool Enrichment Program operated by the school for grades K-8 was in place from September until our remote closure in March. The program operated from Monday to Friday from 3:30 pm to 5:00 pm. Students received a nutritional snack aligned with the Department of Agriculture Nutrition Standards. Homework help was provided focusing predominately in areas of student need first to ensure students received assistance in their most challenging subjects before going home. Additionally, students who were identified as being in need of additional support ("cusp students") were referred to Kumon Learning Center. Kumon staff came to our school four times per week to support our students in reading and math. During tutoring time, students actively developed critical thinking skills while progressing independently through a carefully crafted Kumon curriculum.

2) MAJOR INITIATIVES (CONT'D)

B. EDUCATIONAL PROGRAM: (Cont'd)

The Kumon math and reading programs allow students to learn new concepts on their own and progress one small step at a time through daily practice.

During the health-related school closure, Kumon continued to provide instruction via packets until the end of April.

C. PROFESSIONAL DEVELOPMENT AND SUPPORT

During the 2019-2020 school year, the Maria L. Varisco-Rogers Charter School provided professional development to all staff in the areas of evaluation, student growth objectives, differentiation, curriculum design and development. Additionally, an emphasis was placed on individual professional development that included instructional coaching as a means to promote teacher growth in their content areas. Topics of focus included differentiation, instructional technology, and peer coaching. Throughout the year, the school continued to refine, expand, and re-evaluate its programs and provide numerous opportunities for staff development within and beyond the school to maintain the highest possible expectations for teacher performance and student performance.

Additionally, the Administration Team provided ongoing classroom observations (walkthroughs, formal observations, and informal observations), as well as ongoing evaluative and non-evaluative feedback to its staff. These observations provided ongoing data for both whole staff as well as individual professional development and support to all staff members. Also, the school held one half- school day session per month, except during remote instruction, which allowed for the teachers and support staff to attend 4 hours of onsite professional development monthly. In addition, consultants provided coaching and modeling of classroom lessons. Grade level teams met regularly with administrators to plan and address issues and students of concern.

During remote instruction teachers still received targeted professional development opportunities. The teachers attended PLC meetings as well as were offered training remotely. Some of the training sessions that were offered covered classroom management during virtual instruction, how to utilize different technology platforms, an in-depth training on Newsela as well as other trainings that all related to best practices and remote teaching and learning. All staff, including administration, secretarial and security staff, were provided professional development while working from home during the building closure due to the COVID-19 pandemic.

All professional development provided to the teachers was intended to increase classroom rigor and foster student achievement. In order to make improvements to the school's literacy program and math program, the school's Administrative Team and literacy consultant provided teachers with resources and professional development, which included but was not limited to: modeling lessons, use assessment for learning, formative assessment, small group instruction, centers, and the use of technology during lessons. In addition, the Director of ESL and Bilingual Education provided on-going training, support, and modeling of Sheltered Instruction strategies. The director also offered a Literacy/ESL Parent program to the parents to give them an opportunity to learn English. In order to provide more information to the staff regarding the ESL program, administration held meetings and professional development regarding the specifics of the ESL program such as but not limited to: the ESL teacher's role, testing, etc.

2) MAJOR INITIATIVES (CONT'D)

C. PROFESSIONAL DEVELOPMENT AND SUPPORT (Cont'd)

The school continued with its on-going staff development in the area of NJSLA preparation for grades 3-8 in Math and ELA as well as 5th and 8th grade Science both prior to the health-related school closures and during said closure. The school contracted a consultant to conduct a data analysis which was then shared with the teachers, support staff, and appropriate members of administration at the beginning of the 2019-2020 school year. Data was also analyzed in-house and shared during PLC's for growth and development.

D. ASSESSMENT AND STUDENT ACHIEVEMENT

STATE ASSESSMENTS

During the 2019-2020 the Maria L. Varisco-Rogers Charter School focused on the following areas:

- Administration of common, formative benchmark assessments for all students.
- Ensure differentiated instruction to meet learners' needs, while working towards grade level standards mastery.

Prior to the health-related school closures the Maria L, Varisco-Rogers Charter School was able to administer the WIDA Access 2.0 online to its students in grades K-8 who were English Language Learners. A student roster report for the Spring of 2020 was provided to the school on September 14, 2020

- Kindergarten: 9/22 students or 41% of students achieved an overall proficiency level of 4.5 or higher
- First Grade: 3/20 students or 15% of students achieved an overall proficiency level of 4.5 or higher
- Second Grade: 3/16 students or 19% of students achieved an overall proficiency level of 4.5 or higher
- Third Grade: 3/17 students or 18% of students achieved an overall proficiency level of 4.5 or higher
- Fourth Grade: 4/9 students or 44% of students achieved an overall proficiency level of 4.5 or higher
- Fifth Grade: 3/6 students or 50% of students achieved an overall proficiency level of 4.5 or higher
- Sixth Grade: 0/4 students or 0% of students achieved an overall proficiency level of 4.5 or higher
- Seventh Grade: 0/3 students or 0% of students achieved an overall proficiency level of 4.5 or higher
- Eighth Grade: 0/5 students or 0% of students achieved an overall proficiency level of 4.5 or higher

Staff at the school were responsible for preparing the students to take all state assessment and for administering the test. Appropriate members of the Administrative Team were available to assist during testing. The test coordinators were responsible for gathering the proper testing materials, ensuring that they were handled properly. The case manager was responsible for maintaining the IEP's of students with special needs and ensuring the special needs students were provided with the IEP recommended accommodations.

The school does not have test scores for any other state assessments except WIDA since the school was forced to be on remote instruction due to the COVID-19 pandemic.

- According to the 2018-2019 NJSLA scores the percent of students that "Met" or "Exceeded Expectations" in English Language Arts was 87% and 50% in Mathematics

2) MAJOR INITIATIVES (CONT'D)

D. ASSESSMENT AND STUDENT ACHIEVEMENT (Cont'd)

- During the 2017-2018 PARCC assessment 82% of students in English Language Arts and 54% of students in Mathematics “Met” or “Exceeded expectations”.
- During the 2016-2017 PARCC assessment the percent of students that “Met” or “Exceeded Expectations” in English Language Arts was 78% and 51% in Mathematics.

E. SOCIAL WORK

The school Social Work Program provided the entire school community with comprehensive service delivery with the goal of maximizing student academic success. These services included:

- Student/Parent Support – individual and/or family counseling with case management and I&RS services which include group dynamics centered on improving emotional and behavioral health, social skills training which targeted the improvement of social skills such as conflict resolution, anger management and problem solving techniques, in-class student observations, in-class student support, and crisis intervention. These services were offered by two (2) certified school social workers and social work interns at the BSW and MSW level from collaborating schools of social work. Social work interns worked closely with the school case manager in monitoring student process and progress. They were key in the continuity of communication between family, school and community service providers.
- School Staff Support – staff orientations included Procedure for Referring Students for Student Assistance and Child Study Services. Staff benefited from social work consultation as needed using various means of communication including telephone, internet and in person.
- Child Study Team Services – The school case manager served as the case manager for students with Individualized Education Plans (IEP). In this role the case manager partnered with the special education teacher and regular education teachers to ensure proper implementation of the IEP goals and objectives.
- An Anti-bullying Specialist and Anti-bullying Coordinator were sent to training, and properly reported/investigated all reported incidents of HIB.
- Social work interns also developed activities for Week of Respect, Red Ribbon Week, Violence and Vandalism Week, School Choice Week and Nutrition Week. Activities promoted the educational theme of each week and included workshops for the parents as well as students.
- High School Visits/Guidance – The social work department chooses representatives from local high schools to come and speak with future 9th grade students. The high schools are chosen based on where our past students have attended. The representatives come to our school and give information on how to apply, when their open houses are and how to get their application.
- Support during COVID-19 pandemic- The social work department reached out to all the families that were affected by the virus in any way, assisted students who were having issues with signing on to their computers for virtual instruction, continued special education counseling services, provided families in need information about local food drives and various support services.

2) MAJOR INITIATIVES (CONT'D)

F. PARENT / COMMUNITY INVOLVEMENT AND PUBLIC RELATIONS / OUTREACH

Maria L. Varisco-Rogers Charter School recognizes the importance of involving parents in their child's education. It has always been the school's objective to foster that relationship between parent and school. The following activities were utilized in order to accomplish this objective during the 2019-2020 school year:

- The KUMON program was available on-site after school for additional academic support (Grades K- 8).
- Red Carpet Dance Party
- Back to School Night
- Title I Annual Parent Meeting
- Bilingual English as a Second Language Parent Meeting
- Kumon Parent Orientation
- Pumpkin Decorating Contest
- Thanksgiving Food Drive
- Report Card Night
- Winter Concert
- STEAM Bilingual/ESL Family & Student Program
- National Junior Honor Society Induction Ceremony
- WIDA ACCESS 2.0 Informational Parent Meeting
- Eureka Parent night
- Digital Poetry Month (held during remote instruction)
- Holiday Light Parade hosted by City of Newark
- Halloween Parade hosted by City of Newark
- 8th Grade Parent Meeting
- High School Parent Meeting
- Kindergarten Reading Conference for Parents
- Neighborhood Beautification: Slam Dunk the Junk
- Three parents continued to participate on the Board of Trustees. They attended all monthly and special meetings held by the Board and participated in voting.
- Monthly newsletters, phone calls home, the school website, school application, Class Dojo, and monthly activity calendars were the major forms of communication with parents regarding the school.
- ESL Parent classes were offered once a week in the morning and evening.
- Hispanic Heritage Month/Multicultural Day.
- Remote parent involvement
- Writing holiday cards to families in need

2) MAJOR INITIATIVES (CONT'D)

F. PARENT / COMMUNITY INVOLVEMENT AND PUBLIC RELATIONS / OUTREACH (Cont'd)

Fundraising Efforts:

The Maria L. Varisco-Rogers Charter School participated in the following fundraising events during the 2019-2020 school year:

- Breast Cancer Awareness
- Pop Tops for Ronald McDonald House
- Pennies for Patients
- Leukemia & Lymphoma Society Pennies for Patients
- Popcorn and Cookie Dough
- Broadway Café
- Bake Sale
- T-shirt Sales
- IHOP
- Chipotle
- Toys4Tot
- Raise money for grade level field trips
- Box Tops for Education

3) INTERNAL ACCOUNTING CONTROLS

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

As a recipient of federal and state awards, the Charter School also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the Charter School's management.

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

4) BUDGETARY CONTROLS

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Trustees. Annual appropriated budgets are adopted for the General and Special Revenue Funds. The final budget amount as amended for the period is reflected in the financial section.

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

5) ACCOUNTING SYSTEM AND REPORTS

The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the Charter School is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

6) OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP was selected by the Board of Trustees at its organization meeting.

In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

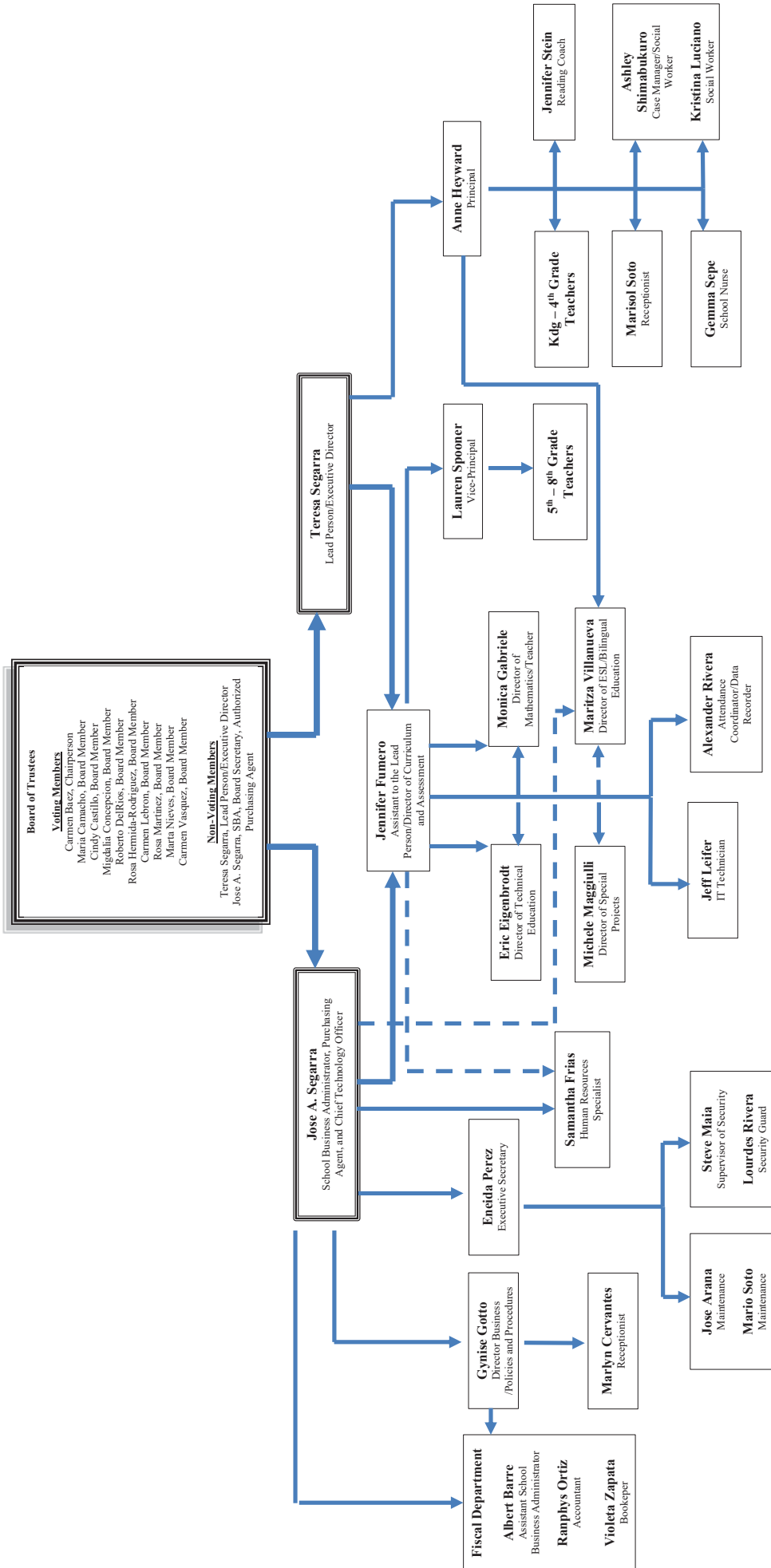
7) ACKNOWLEDGMENTS

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



Jose A. Segarra /Business Administrator

**Maria L. Varisco-Rogers Charter School
2019-2020 Organizational Chart**



MARIA L. VARISCO-ROGERS CHARTER SCHOOL
ROSTER OF OFFICIALS
JUNE 30, 2020

<u>Board of Trustees</u>	<u>Position</u>	<u>Expiration of Term</u>
Carmen Baez	Chairperson	August 2020
Carmen Vasquez	Board Member/Parent Member	August 2020
Maria Camacho	Parent Member	August 2020
Carmen Lebron	Board Member	August 2020
Migdalia Concepcion	Parent Member	August 2020
Roberto DelRios	Board Member	August 2020
Rosa Hermida-Rodriguez	Board Member	August 2020
Marta Nieves	Board Member	August 2020
Rosa E. Martinez	Parent Member	August 2020
Cindy Castillo	Parent Member	August 2020
<u>Other Officials</u>	<u>Title</u>	
Teresa Segarra	Lead Person / Executive Director	
Jose A. Segarra	Business Administrator/Board Secretary	

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
CONSULTANTS AND ADVISORS**

Audit Firm

Nisivoccia LLP
200 Valley Road, Suite 300
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FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Trustees
Maria L. Varisco-Rogers Charter School
County of Essex, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Maria L. Varisco-Rogers Charter School (the "Charter School") in the County of Essex, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise of the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Charter School'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 Charter School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

The financial statements of the Charter School as of June 30, 2019 were audited by other auditors whose report dated December 11, 2019 expressed an unmodified opinion on those statements.

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-retirement benefit 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards, as required by 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 other supplementary schedules 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 our opinion, the other 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 Honorable President and Members
of the Board of Trustees
Maria L. Varisco-Rogers Charter School
Page 3

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, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2020 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.

December 15, 2020
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

John J. Mooney

John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

This section of Maria L. Varisco-Rogers Charter School’s annual financial report presents its discussion and analysis of the Charter School’s financial performance during the fiscal year ending June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the Charter School’s financial statements, which immediately follow this section.

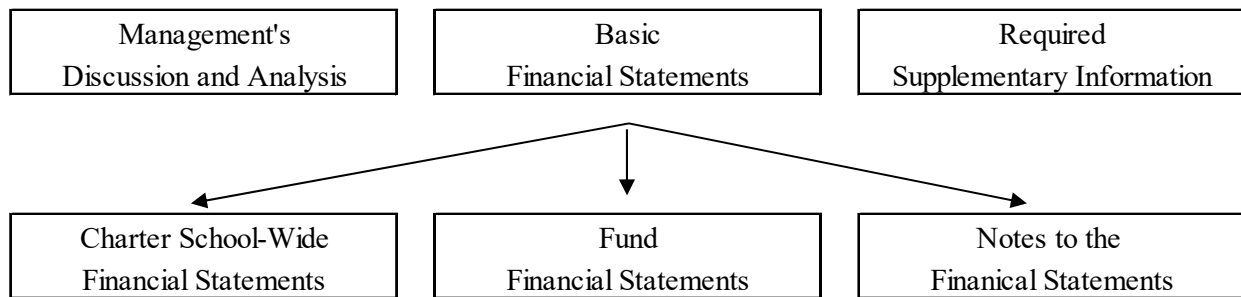
Overview of the Financial Statements

This annual report consists of three parts: management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Charter School:

- The first two statements are *Charter School-wide financial statements* that provide both *short-term* and *long-term* information about the Charter School’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Charter School, reporting the School’s operations in *more* detail than the Charter 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.
- The *proprietary funds statements* offer short- and long-term financial information about the activities the School operates like a business, such as food services and after care programs.
- *Fiduciary funds statements* provide information about the financial relationships in which the Charter School acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Charter School’s budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1
Organization of the Maria L. Varisco-Roger Charter School's Financial Report**



**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Figure A-2 summarizes the major features of the Charter School's financial statements, including the portion of the 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 that structure and contents of each of the statements.

Figure A-2

Major Features of the Charter School-wide and Fund Financial Statements

	Charter School-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School (except fiduciary funds)	The activities of the School that are not proprietary or fiduciary, such as special education and building maintenance	Activities the School operates similar to private businesses: food services and after care programs	Instances in which the School administers resources on behalf of someone else, such as student activities and unemployment trust
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	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 and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue 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 revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Charter School-wide Statements

The Charter School-wide statements report information about the 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 Charter School's assets, deferred inflows and outflows, 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 Charter School-wide statements report the Charter School's *net position* and how they have changed. Net positions – the difference between the Charter School's assets, outflows and deferred inflows, and liabilities – is one way to measure the Charter School's financial health or *position*.

- Over time, increases or decreases in the School's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Charter School's overall health, you need to consider additional nonfinancial factors such as changes in the Charter School's property tax base and enrollment and the condition of school buildings and other facilities.

In the Charter School-wide financial statements, the School's activities are in the following categories:

- *Governmental activities:* Most of the Charter School's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service and after care programs are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Charter School's funds, focusing on its most significant or "major" funds – not the Charter School as a whole. Funds are accounting devices the School uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The Charter School establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The School has three kinds of funds:

- *Governmental funds:* Most of the 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Charter School's programs. Because this information does not encompass the additional long-term focus of the Charter School-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds:* Services for which the Charter School charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the Charter School-wide statements. The Charter School's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information (such as cash flows). *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for other programs and activities. The Charter School currently does not maintain any internal service funds.

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

- *Fiduciary funds:* The Charter School is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The Charter School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The Charter School excludes these activities from the Charter School-wide financial statements because it cannot use these assets to finance its operations.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the School as a Whole

Net Position. The Charter School's combined net position was \$(2,697,314) as of June 30, 2020 – a decrease of \$127,033 or 4.94% from the prior year (see Figure A-3).

**Figure A-3
Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total Charter School		% Change
	2019-2020	2018-2019	2019-2020	2018-2019	2019-2020	2018-2019	
Current and Other Assets	\$ 1,902,926	\$ 1,805,884	\$ 205,208	\$ 190,023	\$ 2,108,134	\$ 1,995,907	
Capital Assets, Net	25,263	78,861	7,867	8,118	33,130	86,979	
Total Assets	1,928,189	1,884,745	213,075	198,141	2,141,264	2,082,886	2.80%
Deferred Outflows of Resources	1,504,126	1,191,926			1,504,126	1,191,926	26.19%
Other Liabilities	374,265	243,069	1,912	2,132	376,177	245,201	
Long-Term Liabilities	4,253,621	3,997,494			4,253,621	3,997,494	
Total Liabilities	4,627,886	4,240,563	1,912	2,132	4,629,798	4,242,695	9.12%
Deferred Inflows of Resources	1,712,906	1,602,398			1,712,906	1,602,398	6.90%
Net Position:							
Investment in Capital Assets	25,263	78,861	7,867		33,130	78,861	
Restricted	75,000				75,000		
Unrestricted/(Deficit)	(3,008,740)	(2,845,151)	203,296	196,009	(2,805,444)	(2,649,142)	
Total Net Position/ (Deficit)	<u>\$ (2,908,477)</u>	<u>\$ (2,766,290)</u>	<u>\$ 211,163</u>	<u>\$ 196,009</u>	<u>\$ (2,697,314)</u>	<u>\$ (2,570,281)</u>	-4.94%

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Changes in Net Position. The Charter School's combined net position decreased by \$127,033 – governmental activities decreased \$142,187 and business-type activities increased \$15,154. The Charter School's net position invested in capital assets decreased due to depreciation net of capital asset additions and unrestricted net position decreased primarily due to an increase in the net pension liability and deferred inflows and outflows related to pensions.

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		% Change
	2019-2020	2018-2019	2019-2020	2018-2019	2019-2020	2018-2019	
Revenue:							
Program Revenue:							
Charges for Services			\$ 40,961	\$ 54,433	\$ 40,961	\$ 54,433	
Operating Grants and Contributions	\$ 3,426,823	\$ 3,474,789	278,804	411,861	3,705,627	3,886,650	
General Revenue:							
Local Levy -							
Charter School Aid	1,162,890	1,091,609			1,162,890	1,091,609	
Unrestricted Federal & State Aid	7,576,210	7,767,478			7,576,210	7,767,478	
Other	291	2,490			291	2,490	
Total Revenue	<u>12,166,214</u>	<u>12,336,366</u>	<u>319,765</u>	<u>466,294</u>	<u>12,485,979</u>	<u>12,802,660</u>	-2.47%
Expenses:							
Instruction	7,370,499	6,776,937			7,370,499	6,776,937	
Student & Instruction Related Services	766,822	2,672,924			766,822	2,672,924	
Administrative & Business	2,819,826	3,163,911			2,819,826	3,163,911	
Maintenance & Operations	1,345,071	7,430			1,345,071	7,430	
Transportation	6,183	64,746			6,183	64,746	
Other			304,611	421,348	304,611	421,348	
Total Expenses	<u>12,308,401</u>	<u>12,685,948</u>	<u>304,611</u>	<u>421,348</u>	<u>12,613,012</u>	<u>13,107,296</u>	-3.77%
Change in Net Position	<u>\$ (142,187)</u>	<u>\$ (349,582)</u>	<u>\$ 15,154</u>	<u>\$ 44,946</u>	<u>\$ (127,033)</u>	<u>\$ (304,636)</u>	58.30%

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Governmental Activities

Net position of the Charter School's governmental activities decreased by \$142,187. The decrease is primarily due to depreciation of capital assets and the increase in the net pension liability and deferred inflows and outflows related to pension.

Figure A-5 presents the cost of five major Charter School activities: instruction, student and instruction services, administration and business, maintenance and operations, and transportation. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs):

**Figure A-5
Net Cost of Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2019-2020</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2018-2019</u>
Instruction	\$ 7,370,499	\$ 6,776,937	\$ 4,366,041	\$ 4,533,685
Student & Instruction Services	766,822	2,672,924	654,862	2,273,888
Administrative & Business	2,819,826	3,163,911	2,819,826	2,334,969
Maintenance & Operations	1,345,071	7,430	1,034,666	3,871
Transportation	6,183	64,746	6,183	64,746
	<u>\$ 12,308,401</u>	<u>\$ 12,685,948</u>	<u>\$ 8,881,578</u>	<u>\$ 9,211,159</u>

Business-type Activities

Net position of the Charter School's business-type activities increased by \$15,154 (Figure A-4). The increase is primarily due to a reduction in expenses during the current year.

General Fund Budgetary Highlights

Over the course of the year, the Charter School revised the annual operating budget several times. These budget amendments represented changes made between budgetary line items for changes in school-based needs for programs, supplies and equipment.

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Capital Assets

The Charter School's capital assets decreased \$53,849 or 61.91% mainly as a result of annual depreciation. (More detailed information about the Charter School's capital assets is presented in the Note 4 to the Basic Financial Statements).

**Figure A-6
Capital Assets (Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>		<u>Percentage Change</u>
	<u>2019-2020</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2018-2019</u>	
Machinery and Equipment	\$ 25,263	\$ 78,861	\$ 7,867	\$ 8,118	\$ 33,130	\$ 86,979	
Total Capital Assets, Net of Depreciation	<u>\$ 25,263</u>	<u>\$ 78,861</u>	<u>\$ 7,867</u>	<u>\$ 8,118</u>	<u>\$ 33,130</u>	<u>\$ 86,979</u>	-61.91%

Long-Term Liabilities

The Charter School's long-term liabilities increased \$256,127 or 6.41% during the fiscal year. This is due to an increase in the net pension liability of \$229,086 and an increase in compensated absences of \$27,041.

**Figure A-7
Long-Term Liabilities**

	<u>Total School District</u>		<u>Percentage Change</u>
	<u>2019-2020</u>	<u>2018-2019</u>	
Compensated Absences	\$ 252,899	\$ 225,858	
Net Pension Liability	<u>4,000,722</u>	<u>3,771,636</u>	
	<u>\$ 4,253,621</u>	<u>\$ 3,997,494</u>	6.41%

Factors Bearing on the Charter School's Future

The State of New Jersey continues to face serious budgetary constraints. These impact the amount of state aid allocated to charter schools. This reality was taken into account when adopting the general fund budget for 2019-2020. Nothing was done to compromise the quality of the programs in place in our Charter School during the regular instructional day. The budget was prepared to ensure that all students have the textbooks, materials supplies, equipment and programs they need to meet New Jersey's Core Curriculum Content Standards.

Contacting the Charter School's Financial Management

This financial report is designed to provide the Charter School's citizens, customers, investors, and creditors with a general overview of the School's finances and to demonstrate the Charter School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator at 973-481-9001.

BASIC FINANCIAL STATEMENTS

CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 1,652,002	\$ 205,208	\$ 1,857,210
Receivables from Other Governments:			
Federal	134,273		134,273
State	22,613		22,613
Other Accounts Receivable	49,309		49,309
Interfund Receivable - Fiduciary Fund	44,729		44,729
Non-Current Assets:			
Capital Assets, Net:			
Machinery, Furniture and Equipment	25,263	7,867	33,130
Total Assets	<u>1,928,189</u>	<u>213,075</u>	<u>2,141,264</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows in Pensions	1,504,126		1,504,126
Total Deferred Outflows of Resources	<u>1,504,126</u>		<u>1,504,126</u>
LIABILITIES			
Accounts Payable	374,265	803	375,068
Unearned Revenue		1,109	1,109
Noncurrent Liabilities:			
Due Beyond One Year	4,253,621		4,253,621
Total Liabilities	<u>4,627,886</u>	<u>1,912</u>	<u>4,629,798</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows in Pensions	1,712,906		1,712,906
Total Deferred Inflows of Resources	<u>1,712,906</u>		<u>1,712,906</u>
NET POSITION			
Investment in Capital Assets	25,263	7,867	33,130
Restricted	75,000		75,000
Unrestricted/(Deficit)	(3,008,740)	203,296	(2,805,444)
Total Net Position/(Deficit)	<u>\$ (2,908,477)</u>	<u>\$ 211,163</u>	<u>\$ (2,697,314)</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 6,796,137		\$ 2,634,223	\$ (4,161,914)		\$ (4,161,914)
Special Education	475,867		370,235	(105,632)		(105,632)
Other Instruction	98,495			(98,495)		(98,495)
Support Services:						
Student & Instruction Related Services	766,822		111,960	(654,862)		(654,862)
General Administrative Services	838,099			(838,099)		(838,099)
School Administrative Services	1,485,149			(1,485,149)		(1,485,149)
Central Services	388,927			(388,927)		(388,927)
Administrative Information Technology	107,651			(107,651)		(107,651)
Plant Operations and Maintenance	1,345,071		310,405	(1,034,666)		(1,034,666)
Pupil Transportation	6,183			(6,183)		(6,183)
Total Governmental Activities	12,308,401		3,426,823	(8,881,578)		(8,881,578)
Business-Type Activities:						
Food Service	294,910	\$ 18,446	278,804		\$ 2,340	2,340
After Care Programs	9,701	22,515			12,814	12,814
Total Business-Type Activities	304,611	40,961	278,804		15,154	15,154
Total Primary Government	\$ 12,613,012	\$ 40,961	\$ 3,705,627	(8,881,578)	15,154	(8,866,424)

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenue:			
Local Property Taxes - Charter School Aid	\$ 1,162,890		\$ 1,162,890
Unrestricted Federal and State Aid	7,576,210		7,576,210
Miscellaneous Income	291		291
	8,739,391		8,739,391
Total General Revenues			
Change in Net Position	(142,187)	\$ 15,154	(127,033)
Net Position/(Deficit) - Beginning	(2,766,290)	196,009	(2,570,281)
Net Position/(Deficit) - Ending	\$ (2,908,477)	\$ 211,163	\$ (2,697,314)

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS:			
Cash and Cash Equivalents	\$ 1,652,002		\$ 1,652,002
Interfund Receivable	177,279		177,279
Receivables From Other Governments:			
Federal		\$ 134,273	134,273
State	22,613		22,613
Other Receivable	49,309		49,309
Total Assets	<u>\$ 1,901,203</u>	<u>\$ 134,273</u>	<u>\$ 2,035,476</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable - Vendors	\$ 154,235	\$ 1,723	\$ 155,958
Interfund Payable		132,550	132,550
Total Liabilities	<u>154,235</u>	<u>134,273</u>	<u>288,508</u>
Fund Balances:			
Restricted:			
Charter School Escrow	75,000		75,000
Assigned for:			
Year End Encumbrances	12		12
Unassigned	1,671,956		1,671,956
Total Fund Balances	<u>1,746,968</u>		<u>1,746,968</u>
Total Liabilities and Fund Balances	<u>\$ 1,901,203</u>	<u>\$ 134,273</u>	<u>\$ 2,035,476</u>

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>Total Governmental Funds</u>
<i>Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) is Different Because:</i>	
Total Fund Balances - Governmental Funds (Exhibit B-1)	\$ 1,746,968
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the Funds.	25,263
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.	(4,000,722)
Certain amounts related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not reported in the Governmental Funds:	
Deferred Outflows - Pensions	1,285,819
Deferred Inflows - Pensions	(1,712,906)
Long-Term Liabilities are not due and payable in the current period and therefore are not reported as liabilities in the Funds (see Note 5).	<u>(252,899)</u>
Net Position/(Deficit) of Governmental Activities (Exhibit A-1)	<u><u>\$ (2,908,477)</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUE:			
Local Sources:			
Charter School Aid	\$ 1,162,890		\$ 1,162,890
Miscellaneous	291		291
Total - Local Sources	1,163,181		1,163,181
State Sources	9,577,568		9,577,568
Federal Sources		\$ 557,386	557,386
Total Revenue	<u>10,740,749</u>	<u>557,386</u>	<u>11,298,135</u>
EXPENDITURES			
Current:			
Regular Instruction	3,067,125	326,760	3,393,885
Special Education Instruction	260,070	118,666	378,736
Other Instruction	24,675		24,675
Student & Instruction Related Services	577,159	111,960	689,119
General Administrative Services	670,832		670,832
School Administrative Services	1,075,286		1,075,286
Central Services	290,740		290,740
Administrative Information Technology	78,000		78,000
Plant Operations and Maintenance	1,267,996		1,267,996
Pupil Transportation	6,183		6,183
Employee Benefits	3,238,530		3,238,530
Total Expenditures	<u>10,556,596</u>	<u>557,386</u>	<u>11,113,982</u>
Excess of Revenue Over Expenditures	<u>184,153</u>		<u>184,153</u>
Net Change in Fund Balances	184,153		184,153
Fund Balance—July 1	<u>1,562,815</u>	<u>- 0 -</u>	<u>1,562,815</u>
Fund Balance—June 30	<u>\$ 1,746,968</u>	<u>\$ - 0 -</u>	<u>\$ 1,746,968</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 184,153

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

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

	Depreciation \$ (53,598)
	(53,598)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

(27,041)

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability	(229,086)
Change in Deferred Outflows	93,893
Change in Deferred Inflows	(110,508)

Change in Net Position - Governmental Funds (Exhibit A-2)

\$ (142,187)

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2020

	Business-Type Activities		
	Enterprise Funds		
	Food Service Program Major Fund	Total Non-Major Fund	Total All Funds
<u>ASSETS:</u>			
Current Assets:			
Cash and cash equivalents	\$ 92,886	\$ 112,322	\$ 205,208
Intrafund Receivable	40,281		40,281
Total Current Assets	133,167	112,322	245,489
Non-Current Assets:			
Capital Assets	42,852		42,852
Less: Accumulated Depreciation	(34,985)		(34,985)
Total Non-Current Assets	7,867		7,867
Total Assets	141,034	112,322	253,356
<u>LIABILITIES:</u>			
Current Liabilities:			
Intrafund Payable		40,281	40,281
Unearned Revenue - Prepaid Sales	1,109		1,109
Accounts Payable - Vendors	803		803
Total Current Liabilities	1,912	40,281	42,193
<u>NET POSITION:</u>			
Investment in Capital Assets	7,867		7,867
Unrestricted	131,255	72,041	203,296
Total Net Position	\$ 139,122	\$ 72,041	\$ 211,163

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
PROPRIETARY FUNDS
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-Type Activities		
	Enterprise Funds		
	Food Service Program Major Fund	Total Non-Major Fund	Total All Funds
Operating Revenue			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 18,446		\$ 18,446
Charges and Program Fees		\$ 22,515	22,515
Total Operating Revenue	18,446	22,515	40,961
Operating Expenses:			
Cost of Sales - Reimbursable Programs	125,830		125,830
Salaries, Benefits & Payroll Taxes	121,063	7,793	128,856
Supplies and Materials		11	11
Rent	19,586		19,586
Purchased Professional Services	3,593		3,593
Purchased Services	15,000		15,000
Depreciation	3,439		3,439
Miscellaneous	6,399	1,897	8,296
Total Operating Expenses	294,910	9,701	304,611
Operating Income/(Loss)	(276,464)	12,814	(263,650)
Non-Operating Revenue:			
State Sources:			
State School Lunch Program	3,190		3,190
Federal Sources:			
National School Lunch Program	186,333		186,333
National School Breakfast Program	65,814		65,814
National School Snack Program	4,150		4,150
Fresh Fruit & Vegetables Program	19,317		19,317
Total Non-Operating Revenue	278,804		278,804
Change in Net Position	2,340	12,814	15,154
Net Position - Beginning of Year	136,782	59,227	196,009
Net Position - End of Year	\$ 139,122	\$ 72,041	\$ 211,163

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Business-Type Activities</u>		
	<u>Enterprise Funds</u>		
	<u>Food Service Program Major Fund</u>	<u>Total Non-Major Fund</u>	<u>Total All Funds</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 19,554		\$ 19,554
Receipts from Program Revenues		\$ 22,515	22,515
Payments to Food Service Vendor	(115,975)		(115,975)
Payments to Suppliers	(33,242)	(11)	(33,253)
Payments of Salaries, Benefits & Payroll Taxes	(123,548)	(7,793)	(131,341)
Payments for Rent	(19,586)		(19,586)
Payments for Miscellaneous Expenses	(2,132)	(1,897)	(4,029)
Net Cash Provided By/(Used for) Operating Activities	<u>(274,929)</u>	<u>12,814</u>	<u>(262,115)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(3,188)		(3,188)
Net Cash (Used for) Capital and Related Financing Activities	<u>(3,188)</u>		<u>(3,188)</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements	299,652		299,652
Net Cash Provided by Noncapital Financing Activities	<u>299,652</u>		<u>299,652</u>
Net Increase in Cash and Cash Equivalents	21,535	12,814	34,349
Cash and Cash Equivalents, July 1	<u>71,351</u>	<u>99,508</u>	<u>170,859</u>
Cash and Cash Equivalents, June 30	<u>\$ 92,886</u>	<u>\$ 112,322</u>	<u>\$ 205,208</u>
Reconciliation of Operating Income/(Loss) to			
Net Cash Provided By/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (276,464)	\$ 12,814	\$ (263,650)
Adjustment to Reconcile Operating Income/(Loss)			
to Cash Provided By/(Used for) Operating Activities:			
Depreciation	3,439		3,439
Changes in assets and liabilities:			
Increase in Prepaid Sales	1,109		1,109
(Decrease) in Accounts Payable	(3,013)		(3,013)
Net Cash Provided By/(Used for) Operating Activities	<u>\$ (274,929)</u>	<u>\$ 12,814</u>	<u>\$ (262,115)</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	<u>Agency Funds</u>
<u>ASSETS:</u>	
Cash and Cash Equivalents	\$ 658,159
Total Assets	<u>658,159</u>
<u>LIABILITIES:</u>	
Due to Student Groups	20,754
Interfund Payable:	
General Fund	44,729
Accrued Salaries and Wages	306,982
Payroll Deductions and Withholdings	<u>285,694</u>
Total Liabilities	<u>658,159</u>
<u>NET POSITION</u>	<u><u>\$ - 0 -</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Unemployment Compensation Trust
Additions:	
Contributions	\$ 56,032
Employee Deductions	14,139
Total Contributions	70,171
Total Additions	70,171
Deductions:	
Unemployment Compensation Claims	70,171
Total Deductions	70,171
Change in Net Position	-0-
Net Position - Beginning of the Year	-0-
Net Position - End of the Year	\$ -0-

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Trustees (the "Board") of the Maria L. Varisco-Rogers Charter School (the "Charter School") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board of Trustees' accounting policies are described below.

A. Reporting Entity:

The Charter School is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board of Trustees consists of volunteer officials and is responsible for the fiscal control of the Charter School. A School Director is appointed by the Board of Trustees and is responsible for the administrative control of the Charter School.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. 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.

B. Basis of Presentation:

Charter School-Wide Financial Statements:

The Statement of Net Position and the Statement of Activities present financial information about the Charter School's Governmental and Business-type activities. These statements include the financial activities of the overall Charter School in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between governmental and business type activities of the Charter School. Governmental activities generally are financed through taxes, intergovernmental revenue and other non-exchange transactions. Business type activities are financed in part by fees charged to external parties.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Charter School-Wide Financial Statements: (Cont'd)

The Statement of Activities presents a comparison between direct expenses and program revenue for each function of the Charter School's Governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function is self-financing or draws from the general revenues of the Charter School.

Fund Financial Statements:

During the period, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the Charter School's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary and fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey schools to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among school financial reporting models.

The Charter School reports the following Governmental Funds:

General Fund: The General Fund is the general operating fund of the Charter School and is used to account for and report all expendable financial resources not accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the capital outlay sub-fund.

As required by NJDOE, the Charter School includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, school 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 and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

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

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Charter School-Wide Financial Statements: (Cont'd)

The Charter School reports the following proprietary funds:

Enterprise Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Charter School's cafeteria and student programs. The food service fund and after school program fund are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the Charter School reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the Charter School on behalf of others and includes the Payroll and Student Activities Agency and the Unemployment Compensation Trust Funds.

C. Measurement Focus and Basis of Accounting

The Charter School-Wide financial statements, the Proprietary and Fiduciary Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the Charter School gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the period for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the period in which all eligibility requirements have been satisfied.

The Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The Charter School considers all revenue reported in the Governmental Funds to be available if the revenue is collected within sixty days after the end of the period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in Governmental Funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the Charter School's policy that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the Charter School's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control:

Charter School Aid is susceptible to accrual since under the New Jersey State Statute, each constituent school district is required to remit to the Charter School the entire balance of aid in the amount reported to each district by the State Department of Education. The Charter School is entitled to receive moneys under the established payment schedule and the unpaid amount is an "accounts receivable".

Under the terms of grant agreements, the Charter School may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the Charter School's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. Budgets are prepared using the modified accrual basis of accounting. The budget for the fiscal year ended June 30, 2020 was submitted to the County office and was approved by a vote of the Board of Trustees. 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 Charter of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by resolution of the Board of Trustees. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, except for 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 the end of the fiscal year.

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 recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 10,740,749	\$ 683,682
Grant Accounting Budgetary Basis Differs from GAAP in that Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		(126,296)
Total Revenues as Reported on the Statement of Revenues,		
Expenditures and Changes in Fund Balances - Governmental Funds	\$ 10,740,749	\$ 557,386

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 10,556,596	\$ 683,682
Differences - Budgetary to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(126,296)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 10,556,596	\$ 557,386

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash change funds, amounts in deposit, and short-term investments with original maturities of three months or less.

New Jersey school districts and charter schools are limited as to type 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 school districts and 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.

The Charter School generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The Charter School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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 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 of 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.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions:

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in Governmental Funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On the fund financial statements, short-term interfund loans are classified as interfund receivables/payables.

G. Allowance for Uncollectible Accounts:

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

H. 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 restricted, committed and/or assigned of fund balances at period-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 unearned revenue at period end.

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

Inventories which benefit future periods, other than those recorded in the Enterprise Fund, are recorded as expenditures during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise and general funds represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

K. Capital Assets:

During the Charter School's initial year of operation, a formal system of accounting for its capital assets was established. Capital assets acquired or constructed are recorded at historical cost including ancillary charges necessary to place the asset into service. Donated capital assets are valued at acquisition cost. The cost of normal maintenance and repairs is not capitalized. The Charter School does not possess any infrastructure. The Charter School would review any capital assets for impairment.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets: (Cont'd)

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the Charter School-Wide statements are as follows:

	<u>Estimated Useful Life</u>
Machinery and Equipment	5 to 15 years

In the Fund financial statements, capital assets used in the Governmental Fund operations are accounted for as capital outlay expenditures in the Governmental Funds upon acquisition. Capital assets are not capitalized, and related depreciation is not reported in the Fund financial statements.

L. Long Term Liabilities:

In the Charter School-Wide Statement of Net Position, long-term debt and other long-term obligations would be reported as liabilities in governmental activities. Bond premiums and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

In the Charter School-Wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due beyond one year.

M. Accrued Salaries and Wages:

The Charter School allows employees, who provide services to the Charter School over the ten-month academic year, the option to have their salaries evenly disbursed during the entire twelve-month year. There was \$306,982 in accrued summer pay salaries and wages at June 30, 2020.

N. Compensated Absences:

The Charter School accounts for compensated absences as directed by GASB. A liability attributable to services already rendered and not contingent on a specific event outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Employees are granted varying amounts of vacation and sick leave in accordance with the Charter School's policies and employee contracts. Upon separation, certain employees are paid for accrued vacation. Employees can also accumulate unused sick leave which will be paid, with certain limits, upon the employee's retirement or separation pursuant to the Charter School's policy or employee contracts.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Compensated Absences: (Cont'd)

In the Charter School-wide Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components - the amount due within one year and the amount due after one year.

O. Unearned Revenue:

Unearned revenue in the Special Revenue Fund represents cash which has been received but not yet earned. See Note 1(D) regarding the Special Revenue Fund.

P. Fund Balance Appropriated:

General Fund: At June 30, 2020, the General Fund fund balance of \$1,746,968 consists of \$75,000 restricted for Charter School Escrow, \$12 assigned for year end encumbrances and \$1,671,956 in unassigned fund balance.

Q. Net Position:

The net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the Charter School that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the Charter School that is applicable to a future reporting period. The Charter School had deferred inflows and outflows of resources related to pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

R. Deficit Net Position:

The Charter School had a \$3,008,740 deficit in governmental activities unrestricted net position is due its net pension liability and compensated absences. This deficit does not indicate that the Charter School is in financial difficulties and is a permitted practice under generally accepted accounting principles.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the Charter School's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Charter School had \$75,000 restricted in net position for Charter School Escrow which is required by NJDOE.

Unassigned fund balance is the residual classification for the Charter School's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

The Board of Trustees has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the members of the Board of Trustees at a public meeting of that governing body. The Board of Trustees must also utilize a formal motion or a resolution passed by a majority of the members of the Board of Trustees at a public meeting of that governing body in order to remove or change the commitment of resources. The Charter School has no committed resources at June 30, 2020.

The assignment of resources is generally made by the Board of Trustees through a motion or a resolution passed by a majority of the members of the Board of Trustees. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Trustees may allow an official of the Charter School to assign resources through policies adopted by the Board of Trustees. The Charter School has assigned resources for encumbrances as of June 30, 2020.

T. Revenue - Exchange and Non-exchange Transactions:

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

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

Under the modified accrual basis, the following revenue sources are both measurable and available at period-end: property taxes, interest and tuition.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

U. Management Estimates:

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

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND CHARTER SCHOOL-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and Charter School-Wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

The Charter School classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the Charter School in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the Charter School ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The Charter School limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the Investment section of this note.

Custodial Credit Risk – The Charter School's policy with respect to custodial credit risk ensures that Charter School funds are only deposited in financial institutions in which NJ school districts and charter schools are permitted to invest their funds.

Deposits:

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

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposits: (Cont'd)

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

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit, and

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or charter school or bonds or other obligations of the local unit or units within which the school district or charter school is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts and charter schools, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts or charter schools, municipalities, counties, and entities subject to the requirements of the “Local Authorities Fiscal Control Law,” P.L. 1983, c. 313 (C.40A:5A-1 et seq.). ;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district or charter school;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district or charter school;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district or charter school with respect to these deposits; and
 - (e) On the same date that the school district’s or charter school’s funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district or charter school through the designated public depository.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

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

	Cash and Cash Equivalents
Checking & Savings Accounts	\$ 2,515,369

During the period ended June 30, 2020, the Charter School did not hold any investments. The carrying amount of the Charter School's cash and cash equivalents at June 30, 2020, was \$2,515,369 and the bank balance was \$2,486,158.

NOTE 4. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020
Governmental Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 594,956			\$ 594,956
Total Capital Assets Being Depreciated	594,956			594,956
Less Accumulated Depreciation for:				
Machinery and Equipment	(516,095)	\$ (53,598)		(569,693)
Total Accumulated Depreciation	(516,095)	(53,598)		(569,693)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 78,861	\$ (53,598)	\$ -0-	\$ 25,263
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 39,664	\$ 3,188		\$ 42,852
Less Accumulated Depreciation	(31,546)	(3,439)		(34,985)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 8,118	\$ (251)	\$ -0-	\$ 7,867
Total Governmental and Business-Type Activities	\$ 86,979	\$ (53,849)	\$ -0-	\$ 33,130

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 4. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$	24,129
Other Instruction		2,046
Student and Instruction Related Services		4,089
General Administrative Services		5,278
School Administrative Services		8,460
Admin Information Technology		614
Plant Operations and Maintenance		8,982
		8,982
	\$	53,598

NOTE 5. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020, the following changes occurred in liabilities reported in the Charter School-wide financial statements:

	Balance			Balance
	June 30, 2019	Accrued	Retired	June 30, 2020
Compensated Absences	\$ 225,858	\$ 27,041		\$ 252,899
Net Pension Liability	3,771,636	229,086		4,000,722
	\$ 3,997,494	\$ 256,127	\$ - 0 -	\$ 4,253,621

A. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. No portion of the compensated absences balance of the governmental funds at June 30, 2020 is currently payable; therefore, the long-term portion of compensated absences is \$252,899.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2020, no liability existed for compensated absences in the Enterprise Funds.

B. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2020 is \$-0- and the long-term portion is \$4,000,722. See Note 6 for further information on the PERS.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 6. PENSION PLANS

Substantially all of the Charter School’s employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers’ Pension and Annuity Fund (TPAF) or the Public Employee’s Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees Retirement System (PERS)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for PERS:

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

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

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Charter School contributions to PERS amounted to \$220,846 for 2020.

The employee contribution rate was 7.50% effective July 1, 2018.

Pension Liabilities and Pension Expense

At June 30, 2020, the Charter School's liability was \$4,000,722 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 used to calculate the net 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 was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the Charter School's proportion was .0222%, which was an increase of 0.00304% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the Charter School recognized actual pension expense in the amount of \$461,677.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities and Pension Expense (Cont'd)

At June 30, 2020, the Charter School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferral Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	6.44	\$ 10,573	
	2015	5.72	65,376	
	2016	5.57	323,538	
	2017	5.48		\$ (574,319)
	2018	5.63		(464,102)
	2019	5.21		(350,217)
				<u>399,487</u>
Changes in Proportion	2014	6.44	52,466	
	2015	5.72	48,211	
	2016	5.57	35,054	
	2017	5.48		(243,442)
	2018	5.63	120,917	
	2019	5.21	557,876	
				<u>814,524</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5.00		73,842
	2017	5.00		(88,615)
	2018	5.00		(61,639)
	2019	5.00		13,259
				<u>(63,153)</u>
Difference Between Expected and Actual Experience	2015	5.72	18,138	
	2016	5.57	9,818	
	2017	5.48	17,080	
	2018	5.63		(17,673)
	2019	5.21	26,772	
			<u>71,808</u>	<u>(17,673)</u>
District Contribution Subsequent to the Measurement Date	2019	1.00	218,307	
			<u>\$ 1,504,126</u>	<u>\$ (1,712,906)</u>

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities and Pension Expense (Cont'd)

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

Fiscal Year Ending June 30,	Total
2020	\$(115,524)
2021	(374,753)
2022	(334,633)
2023	(157,127)
2024	(16,132)
	\$(998,169)

Actuarial Assumptions

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

<u>Inflation Rate:</u>	
Price	2.75%
Wage	3.25%
 <u>Salary Increases:</u>	
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 a 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.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of 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 PERS' 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 Management Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market 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 100% of actuarially determined contributions for the local employers.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate (Cont'd)

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

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

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

	June 30, 2019		
	At 1% Decrease (5.28%)	At Current Discount Rate (6.28%)	At 1% Increase (7.28%)
District's Proportionate Share of the Net Pension Liability	\$ 5,088,718	\$ 4,000,722	\$ 3,135,215

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division).

For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided

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. 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.

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the Charter School. This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal year ended 2020, the State of New Jersey contributed \$817,085 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$1,331,358.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2020, the State's proportionate share of the net pension liability associated with the Charter School was \$22,572,025. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the Charter School's proportion was 0.03832%, which was a decrease of 0.00155% from its proportion measured as of June 30, 2018.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>22,572,025</u>
Total	<u><u>\$ 22,572,025</u></u>

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the Charter School in the amount of \$1,331,358 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 768,874,621	
	2015	8.30	2,351,172,865	
	2016	8.30	5,609,216,856	
	2017	8.30		\$ 8,483,527,374
	2018	8.29		5,172,258,445
	2019	8.04		3,507,345,617
				<u>8,729,264,342</u>
Difference Between Expected and Actual Experience	2014	8.50		7,323,009
	2015	8.30	145,211,243	
	2016	8.30		69,755,412
	2017	8.30	150,939,884	
	2018	8.29	907,352,137	
	2019	8.04		136,265,890
				<u>1,203,503,264</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5.00		(431,855,192)
	2017	5.00		452,016,524
	2018	5.00		288,091,115
	2019	5.00		(144,882,771)
			<u>\$ 9,932,767,606</u>	<u>\$17,539,845,423</u>

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

Fiscal Year Ending June 30,	Total
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>
	<u>\$ (7,607,077,817)</u>

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Actuarial Assumptions

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

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

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 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 pension 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 table on the following page.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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. Based on those assumptions, the pension 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 pension 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.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

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

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

	June 30, 2019		
	At 1% Decrease (4.60%)	At Current Discount Rate (5.60%)	At 1% Increase (6.60%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 26,617,413	\$ 22,572,025	\$ 19,215,630

Pension Plan Fiduciary Net Position - TPAF

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

NOTE 7. CONTINGENT LIABILITIES

Grant Programs

The Charter School participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The Charter School is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The Charter School is periodically involved in lawsuits and estimates that any potential claims against it resulting from such litigation and not covered by insurance would not materially adversely affect the financial position of the Charter School.

Encumbrances

At June 30, 2020, the Charter School had \$12 in encumbrances in the General Fund.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 8. DEFERRED COMPENSATION

The Charter School offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan, which is administered by the Charter School, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 9. ECONOMIC DEPENDENCY

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

NOTE 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. The Charter School provides employees with health benefit coverage through the State of New Jersey Health Benefits Plan.

Property and Liability Insurance

A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The Charter School is a member of the New Jersey Schools Insurance Group ("NJSIG"). This public entity risk management pool provided workers' compensation and employer's liability for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

The NJSIG is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts and charter schools established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district or charter school for the purpose of creating a governing body from which officers for the NJSIG are elected.

As a member of the NJSIG, the Charter School could be subject to supplemental assessments in the event of deficiencies. If the assets of the NJSIG were to be exhausted, members would become responsible for their respective shares of the NJSIG's liabilities. The NJSIG can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

Selected financial information for NJSIG as of June 30, 2020 is as follows:

Total Assets	\$ 384,022,002
Net Position	\$ 139,233,105
Total Revenue	\$ 144,445,665
Total Expenses	\$ 113,037,156
Change in Net Position	\$ 31,408,509
Net Position Distribution to Participating Members	\$ - 0 -

Financial statements for the NJSIG are available at the Group's Executive Director's Office:

600 Midlantic Drive
Mount Laurel, NJ 08054
Phone: 609-386-6060
Fax: 609-386-8877

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>Employer/ Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance/(Deficit)</u>
2019-2020	\$ 70,171	\$ 70,171	\$ -0-
2018-2019	39,858	39,497	-0-
2017-2018	35,820	40,391	(361)

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The following interfund balances remained on the balance sheet at June 30, 2020.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 177,279	
Special Revenue Fund		\$ 132,550
Food Service Fund	40,281	
After Care Fund		40,281
Payroll Agency Fund		44,729
	<u>\$ 217,560</u>	<u>\$ 217,560</u>

The interfund payables in the Special Revenue and Payroll Agency Fund are for the amount of the cash advanced from the General Fund while awaiting grant collections and subsidy reimbursements.

NOTE 12. ACCOUNTS PAYABLE

At year end June 30, 2020, the Charter School has the following accounts payable:

	<u>Governmental Funds</u>		<u>Charter School Contribution</u>	<u>Total Governmental Activities</u>	<u>Total Business-Type Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Subsequent to Measurement Date</u>		
Vendors	\$ 154,235	\$ 1,723		\$ 155,958	\$ 803
State of New Jersey			\$ 218,307	218,307	
	<u>\$ 154,235</u>	<u>\$ 1,723</u>	<u>\$ 218,307</u>	<u>\$ 374,265</u>	<u>\$ 803</u>

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

The Charter School is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the Charter School.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

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

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2019, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
Active Plan Members	216,892
Total	364,943

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

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 total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 which was rolled forward to June 30, 2018.

Actuarial Assumptions and Other Inputs

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

Inflation Rate	2.50%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 3.05%	2.00 - 6.00%
	based on service	based on service
	years	years
Thereafter	1.55 - 3.05%	3.00 - 7.00%
	based on service	based on service
	years	years

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 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Mortality Rates

Pre-retirement 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. Post-retirement 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.

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 is reflected. The assumed post-65 medical trend rate 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 rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2018	\$ 5,886,749
Changes for Year:	
Service Cost	704,238
Interest Cost	251,803
Differences Between Expected and Actual Experience	(1,033,800)
Changes in Assumptions	85,343
Member Contributions	5,208
Gross Benefit Payments	(175,705)
Net Changes	(162,913)
Balance at June 30, 2019	\$ 5,723,836

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District 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:

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
	Total OPEB Liability Attributable to the Charter School	\$ 6,762,112	\$ 5,723,836

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate (Cont'd)

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the Charter School	\$ 4,716,186	\$ 5,723,836	\$ 7,057,758

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

For the fiscal year ended June 30, 2020 the District recognized OPEB expense of \$748,643 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 Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources.

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 666,370
	2018	9.51		573,169
	2019	9.29	\$ 76,156	1,239,539
			76,156	1,239,539
Differences between Expected and Actual Experience	2018	9.51		541,823
	2019	9.29		896,364
				1,438,187
Changes in Proportion	N/A	N/A	740,145	298,803
			\$ 816,301	\$ 2,976,529

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

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

Fiscal Year Ending June 30,	Total
2020	\$ (349,298)
2021	(349,298)
2022	(349,298)
2023	(349,298)
2024	(349,298)
Thereafter	(855,080)
	\$ (2,601,570)

NOTE 14. SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District's normal financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. Also, there have been additional operating expenses in the General Fund not planned for or expected at the time of the adoption of the District's 2020-21 budget related to COVID-19.

REQUIRED SUPPLEMENTARY SCHEDULES

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Charter School's Proportion of the Net Pension Liability	0.0181757183%	0.0201653585%	0.0207914194%	0.0183240766%	0.0191555666%	0.0222034330%
Charter School's Proportionate Share of the Net Pension Liability	\$ 2,705,757	\$ 4,526,719	\$ 6,157,822	\$ 4,265,552	\$ 3,771,636	\$ 4,000,722
Charter School's Covered Employee Payroll	\$ 1,308,708	\$ 1,537,341	\$ 1,284,803	\$ 1,318,866	\$ 1,426,603	\$ 1,129,786
Charter School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	206.75%	294.45%	479.28%	323.43%	264.38%	354.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%

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

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	\$ 149,838	\$ 173,368	\$ 184,708	\$ 169,753	\$ 190,536	\$ 220,846
Contributions in relation to the Contractually Required Contribution	(149,838)	(173,368)	(184,708)	(169,753)	(190,536)	(220,846)
Contribution Deficiency/(Excess)	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -
District's Covered Employee Payroll	\$ 1,537,341	\$ 1,284,803	\$ 1,318,866	\$ 1,426,603	\$ 1,129,786	\$ 1,423,649
Contributions as a percentage of Covered Employee Payroll	9.75%	13.49%	14.01%	11.90%	16.86%	15.51%

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

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY ASSOCIATED WITH THE CHARTER SCHOOL
TEACHERS' PENSION AND ANNUITY FUND
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
State's Proportion of the Net Pension Liability Attributable to the Charter School	0.0218223811%	0.0300712160%	0.0310683479%	0.0338439480%	0.0383271225%	0.0367796609%
State's Proportionate Share of the Net Pension Liability Attributable to the Charter School	\$ 11,663,352	\$ 19,006,293	\$ 24,440,341	\$ 22,818,810	\$ 24,382,892	\$ 22,572,025
Charter School's Covered Employee Payroll	\$ 3,109,823	\$ 3,109,823	\$ 3,754,717	\$ 3,961,834	\$ 3,759,098	\$ 3,857,005
State's Proportionate Share of the Net Pension Liability Attributable to the Charter School as a Percentage of its Covered Employee Payroll	375.05%	611.17%	650.92%	575.97%	648.64%	585.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%

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

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	\$ 713,303	\$ 1,005,677	\$ 1,458,529	\$ 1,199,132	\$ 1,421,437	\$ 1,331,358
Contributions in Relation to the Contractually Required Contribution	<u>(364,543)</u>	<u>(432,815)</u>	<u>(530,485)</u>	<u>(578,120)</u>	<u>(738,509)</u>	<u>(817,085)</u>
Contribution Deficiency/(Excess)	<u>\$ 348,760</u>	<u>\$ 572,862</u>	<u>\$ 928,044</u>	<u>\$ 621,012</u>	<u>\$ 682,928</u>	<u>\$ 514,273</u>
District's Covered Employee Payroll	\$ 3,109,823	\$ 3,754,717	\$ 3,961,834	\$ 3,759,098	\$ 3,857,005	\$ 4,156,801
Contributions as a Percentage of Covered Employee Payroll	11.72%	11.53%	13.39%	15.38%	19.15%	19.66%

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

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
ASSOCIATED WITH THE CHARTER SCHOOL AND RELATED RATIOS
LAST THREE FISCAL YEARS

	Fiscal Year Ending June 30,	
	2017	2018
Change in Total OPEB Liability:		
Service Cost	\$ 1,037,607	\$ 853,992
Interest Cost	237,588	285,146
Differences Between Expected and Actual Experience	(1,306,968)	(1,611,188)
Changes in Assumptions	6,129	(675,534)
Member Contributions	(166,450)	5,440
Gross Benefit Payments	(192,094)	(157,410)
Net Change in Total OPEB Liability	(192,094)	(1,299,554)
Total OPEB Liability - Beginning	7,378,397	7,186,303
Total OPEB Liability - Ending	<u>\$ 7,186,303</u>	<u>\$ 5,886,749</u>
State's Covered Employee Payroll *	\$ 4,394,626	\$ 5,073,583
Total OPEB Liability as a Percentage of Covered Employee Payroll	164%	116%
	\$ 5,388,437	\$ 5,723,836

* - Covered payroll for the fiscal years ending June 30, 2017, 2018 and 2019 are based on the payroll on the June 30, 2016, 2017 and 2018 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%.

The inflation rate was 2.25% as of June 30, 2018. As of June 30, 2019, the inflation rate was as follows – Price – 2.75% and Wage – 3.25%. The salary increases as of June 30, 2018 were as follows: Through 2026 – 1.65% - 4.15% based on age and Thereafter – 2.65% - 5.15% based on age. The salary increases as of June 30, 2019 are as follows: Through 2026 – 2.00% - 6.00% based on years of service and Thereafter – 3.00% - 7.00% based on years of service.

The July 1, 2017 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the plan actuary's modified MP-2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The July 1, 2018 actuarial valuation utilized the following mortality rate assumptions:

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 a 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.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

B. TEACHERS' PENSION AND ANNUITY FUND (Cont'd)

Changes of Actuarial Assumptions

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%. The inflation rate as of June 30, 2018 was 2.25%. The inflation rate as of June 30, 2019 was as follows: Price – 2.75% and Wage – 3.25%.

The salary increases in the July 1, 2018 valuation were as follows: Through 2026 - 1.55 – 4.45% based on years of service and thereafter - 2.75 – 5.65% based on years of service. The salary increases in the July 1, 2017 valuation were as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

The mortality rates utilized in the July 1, 2018 valuation were as follows: Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 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 mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement 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. Post-retirement 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 health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

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 is reflected. The assumed post-65 medical trend rate 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 rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
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 Levy - Charter School Aid - Local Share	\$ 1,155,785		\$ 1,155,785	\$ 1,162,890	\$ 7,105
Miscellaneous Revenue				291	291
Total - Local Sources	<u>1,155,785</u>		<u>1,155,785</u>	<u>1,163,181</u>	<u>7,396</u>
State Sources:					
Adjustment Aid	877,275		877,275	877,275	
Special Education Aid - Charter School Aid	251,569		251,569	251,569	
Security Aid	309,391		309,391	310,405	1,014
Equalization Aid	6,696,844		6,696,844	6,698,935	2,091
On-Behalf TPAF Pension Contributions (Non-Budgeted)				817,085	817,085
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				308,557	308,557
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				1,587	1,587
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				14,645	14,645
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				297,510	297,510
Total State Sources	<u>8,135,079</u>		<u>8,135,079</u>	<u>9,577,568</u>	<u>1,130,334</u>
Total Revenues	<u>9,290,864</u>		<u>9,290,864</u>	<u>10,740,749</u>	<u>1,449,885</u>

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 150,513	\$ (150,513)			
Grades 1-5 - Salaries of Teachers	1,069,380	(115,224)	\$ 954,156	\$ 662,258	\$ 291,898
Grades 6-8 - Salaries of Teachers	725,652	248,397	974,049	972,313	1,736
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	1,620,202	(104,170)	1,516,032	1,155,910	360,122
Purchased Professional/Technical Services	150,000		150,000	64,674	85,326
Other Purchased Services	150,000		150,000	70,914	79,086
General Supplies	200,000	1,798	201,798	93,326	108,472
Textbooks	60,000		60,000	45,234	14,766
Other Objects	10,000	(6,620)	3,380	2,496	884
Total Regular Programs - Instruction	4,135,747	(126,332)	4,009,415	3,067,125	942,290
Special Education Learning and/or Language Disabilities:					
Other Salaries for Instruction	371,150		371,150	260,070	111,080
Total Special Education Learning and/or Language Disabilities	371,150		371,150	260,070	111,080
Before/After School Programs - Instruction:					
Salaries	30,550		30,550	24,675	5,875
Total Before/After School Programs - Instruction	30,550		30,550	24,675	5,875
Total Instruction	4,537,447	(126,332)	4,411,115	3,351,870	1,059,245

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures:					
Attendance and Social Work:					
Salaries	\$ 195,068	\$ (835)	\$ 194,233	\$ 167,727	\$ 26,506
Total Attendance and Social Work	195,068	(835)	194,233	167,727	26,506
Health Services:					
Salaries	101,068		101,068	101,068	
Purchased Professional/Technical Services	25,000	(15,283)	9,717	6,850	2,867
Total Health Services	126,068	(15,283)	110,785	107,918	2,867
Child Study Team:					
Salaries	38,803		38,803	38,803	
Other Purchased Professional and Technical Services	150,000	55,283	205,283	205,283	
Total Child Study Team	188,803	55,283	244,086	244,086	
Improvement of Instructional Services:					
Salaries of Facilitators, Math Coaches & Literacy Coaches	91,650	(10,140)	81,510	57,428	24,082
Total Improvement of Instruction Services	91,650	(10,140)	81,510	57,428	24,082

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures:					
General Administration:					
Salaries	\$ 486,382		\$ 486,382	\$ 486,382	\$ 5,284
Legal Services	16,000		16,000	10,716	
Audit Fees	18,000	\$ 7,000	25,000	25,000	
Other Purchased Professional Services	21,000		21,000	20,112	888
Communications/Telephone	73,000	5,000	78,000	74,294	3,706
Supplies and Materials	45,000		45,000	35,888	9,112
Miscellaneous Expenditures	35,000	(7,987)	27,013	18,440	8,573
Total General Administration	694,382	4,013	698,395	670,832	27,563
School Administration:					
Salaries of Other Professional Staff	651,153	745	651,898	651,898	
Salaries of Secretarial and Clerical Assistants	352,625	98,360	450,985	423,388	27,597
Total School Administration	1,003,778	99,105	1,102,883	1,075,286	27,597
Central Services:					
Salaries	214,994		214,994	214,994	
Purchased Professional Services	92,000		92,000	75,746	16,254
Total Central Services	306,994		306,994	290,740	16,254
Administrative Information Technology:					
Salaries	78,000		78,000	78,000	
Total Administrative Information Technology	78,000		78,000	78,000	

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures:					
Custodial Services:					
Salaries	\$ 92,534		\$ 92,534	\$ 92,534	
Rental of Land & Building Other than Lease Purchase Agreement	787,822		787,822	787,822	
Insurance	54,000		54,000	49,870	\$ 4,130
General Supplies	40,000		40,000	34,434	5,566
Energy (Electric)	54,000	\$ 2,987	56,987	56,987	
Total Custodial Services	1,028,356	2,987	1,031,343	1,021,647	9,696
Care and Upkeep of Grounds:					
Purchased Professional and Technical Services	50,000	7,000	57,000	40,054	16,946
Cleaning, Repair and Maintenance Services	102,900		102,900	86,263	16,637
Total Care and Upkeep of Grounds	152,900	7,000	159,900	126,317	33,583
Security:					
Salaries	91,014		91,014	89,501	1,513
Purchased Professional and Technical Services	40,000	(7,000)	33,000	30,531	2,469
Total Security	131,014	(7,000)	124,014	120,032	3,982
Student Transportation Services:					
Contracted Services:					
Other than Between Home and School - Vendors	10,000		10,000	6,183	3,817
Total Student Transportation Services	10,000		10,000	6,183	3,817

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures:					
Unallocated Employee Benefits:					
Social Security Contributions	\$ 29,949	\$ 152,008	\$ 181,957	\$ 157,130	\$ 24,827
Other Retirement Contributions - PERS	190,401	32,000	222,401	220,846	1,555
Unemployment Compensation	82,955		82,955	56,032	26,923
Workmen's Compensation	63,811	(7,000)	56,811	55,411	1,400
Health Benefits	1,387,890	(78,000)	1,309,890	1,309,727	163
Total Unallocated Benefits	1,755,006	99,008	1,854,014	1,799,146	54,868
On-Behalf Contributions: (Non-Budgeted)					
On-Behalf TPAF Pension Contributions (Non-Budgeted)				817,085	(817,085)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				308,557	(308,557)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				1,587	(1,587)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				14,645	(14,645)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				297,510	(297,510)
Total On-Behalf Contributions				1,439,384	(1,439,384)
Total Expenditures	10,299,466	107,806	10,407,272	10,556,596	(149,324)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(1,008,602)	(107,806)	(1,116,408)	184,153	1,300,561

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Fund Balance, July 1	\$ 1,562,815		\$ 1,562,815	\$ 1,562,815	
Fund Balance, June 30	<u>\$ 554,213</u>	<u>\$ (107,806)</u>	<u>\$ 446,407</u>	<u>\$ 1,746,968</u>	<u>\$ 1,300,561</u>
Restricted:					
Charter School Escrow				\$ 75,000	
Assigned - For Encumbrances				12	
Unassigned				<u>1,671,956</u>	
Fund Balance per Governmental Funds GAAP/Budgetary Basis				<u>\$ 1,746,968</u>	

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Federal Sources	\$ 556,324	\$ 283,676	\$ 840,000	\$ 683,682	\$ 156,318
Total Revenue	556,324	283,676	840,000	683,682	156,318
Expenditures:					
Instruction:					
Salaries of Teachers	256,324	46,559	302,883	302,883	
Purchased Professional and Technical Services	85,000	1,000	86,000	85,000	1,000
Other Purchased Services	120,000	108,756	228,756	126,296	102,460
General Supplies	25,000	11,279	36,279	26,558	9,721
Total Instruction	486,324	167,594	653,918	540,737	113,181
Support Services:					
Employee Benefits	70,000	36,008	106,008	106,008	
Purchased Professional and Educational Services		20,152	20,152	19,732	420
Purchased Professional and Technical Services		2,000	2,000		2,000
Other Purchased Services		19,920	19,920		19,920
Supplies and Materials		36,002	36,002	15,205	20,797
Other Objects		2,000	2,000	2,000	
Total Support Services	70,000	116,082	186,082	142,945	43,137
Total Expenditures	556,324	283,676	840,000	683,682	156,318
Excess/(Deficiency) of Revenue Over/ (Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 10,740,749	\$ 683,682
Differences - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary basis recognizes Encumbrances and Revenue whereas the GAAP Basis does not.		(126,296)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 10,740,749</u>	<u>\$ 557,386</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 10,556,596	\$ 683,682
Differences - Budgetary to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(126,296)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 10,556,596</u>	<u>\$ 557,386</u>

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. The budget for the fiscal year ended June 30, 2020 was submitted to the County office and was approved by a vote of the Board of Trustees. Budgets are prepared using the modified accrual basis of accounting. The legal level budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest of (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. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Elementary and Secondary Education Act					Emergency Relief CARES	Totals June 30, 2020
	Title I	Title I, Reallocated	Title II, Part A	Title III, Part A	IDEA, Basic		
REVENUE:							
Federal Sources	\$ 384,069	\$ 11,002	\$ 746	\$ 37,126	\$ 118,666	\$ 132,073	\$ 683,682
Total Revenue	384,069	11,002	746	37,126	118,666	132,073	683,682
EXPENDITURES:							
Instruction:							
Salaries of Teachers	193,721			22,000	87,162		302,883
Purchased Professional and Technical Services	85,000					126,296	85,000 126,296
Other Purchased Services	21,841			2,624	519	1,574	26,558
General Supplies	300,562			24,624	87,681	127,870	540,737
Total Instruction							
Support Services:							
Employee Benefits	67,802			7,700	30,506		106,008
Purchased Professional Educational Services	13,705		746	4,802	479		19,732
Supplies and Materials		11,002				4,203	15,205
Other Objects	2,000						2,000
Total Support Services	83,507	11,002	746	12,502	30,985	4,203	142,945
Total Expenditures	\$ 384,069	\$ 11,002	\$ 746	\$ 37,126	\$ 118,666	\$ 132,073	\$ 683,682

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	<u>Food Service Program</u>	<u>After Care Programs</u>	<u>Total</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 92,886	\$ 112,322	\$ 205,208
Intrafund Receivable	40,281		40,281
Total Current Assets	<u>133,167</u>	<u>112,322</u>	<u>245,489</u>
Non-Current Assets:			
Capital Assets	42,852		42,852
Less: Accumulated Depreciation	<u>(34,985)</u>		<u>(34,985)</u>
Total Non-Current Assets	<u>7,867</u>		<u>7,867</u>
Total Assets	<u>141,034</u>	<u>112,322</u>	<u>253,356</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Intrafund Payable		40,281	40,281
Unearned Revenue - Prepaid Sales	1,109		1,109
Accounts Payable	<u>803</u>		<u>803</u>
Total Current Liabilities	<u>1,912</u>	<u>40,281</u>	<u>42,193</u>
<u>NET POSITION:</u>			
Investment in Capital Assets	7,867		7,867
Unrestricted	<u>131,255</u>	<u>72,041</u>	<u>203,296</u>
Total Net Position	<u>\$ 139,122</u>	<u>\$ 72,041</u>	<u>\$ 211,163</u>

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
PROPRIETARY FUNDS
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Major Fund</u>	<u>Non-Major</u> <u>Fund</u>	
	<u>Food Service</u> <u>Program</u>	<u>After Care</u> <u>Programs</u>	<u>Total</u>
Operating Revenue			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 18,446		\$ 18,446
Charges and Program Fees		\$ 22,515	22,515
Total Operating Revenue	<u>18,446</u>	<u>22,515</u>	<u>40,961</u>
Operating Expenses:			
Cost of Sales - Reimbursable Programs	125,830		125,830
Salaries, Benefits & Payroll Taxes	121,063	7,793	128,856
Supplies and Materials		11	11
Rent	19,586		19,586
Purchased Professional Services	3,593		3,593
Management Fees	15,000		15,000
Depreciation	3,439		3,439
Miscellaneous	6,399	1,897	8,296
Total Operating Expenses	<u>294,910</u>	<u>9,701</u>	<u>304,611</u>
Operating Income/(Loss)	<u>(276,464)</u>	<u>12,814</u>	<u>(263,650)</u>
Non-Operating Revenue:			
State Sources:			
State School Lunch Program	3,190		3,190
Federal Sources:			
National School Lunch Program	186,333		186,333
National School Breakfast Program	65,814		65,814
National School Snack Program	4,150		4,150
Fresh Fruit & Vegetables Program	19,317		19,317
Total Non-Operating Revenue	<u>278,804</u>		<u>278,804</u>
Change in Net Position	2,340	12,814	15,154
Net Position - Beginning of Year	<u>136,782</u>	<u>59,227</u>	<u>196,009</u>
Net Position - End of Year	<u>\$ 139,122</u>	<u>\$ 72,041</u>	<u>\$ 211,163</u>

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Major Fund</u>	<u>Non-Major</u>	
	<u>Food Service</u>	<u>After Care</u>	<u>Total</u>
	<u>Program</u>	<u>Programs</u>	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 19,554		\$ 19,554
Receipts from Program Revenues		\$ 22,515	22,515
Payments to Food Service Vendor	(115,975)		(115,975)
Payments to Suppliers	(33,242)	(11)	(33,253)
Payments of Salaries, Benefits & Payroll Taxes	(123,548)	(7,793)	(131,341)
Payments for Rent	(19,586)		(19,586)
Payments for Miscellaneous Expenses	(2,132)	(1,897)	(4,029)
Net Cash Provided By/(Used for) Operating Activities	<u>(274,929)</u>	<u>12,814</u>	<u>(262,115)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(3,188)		(3,188)
Net Cash (Used for) Capital and Related Financing Activities	<u>(3,188)</u>		<u>(3,188)</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements	299,652		299,652
Net Cash Provided by Noncapital Financing Activities	<u>299,652</u>		<u>299,652</u>
Net Increase in Cash and Cash Equivalents	21,535	12,814	34,349
Cash and Cash Equivalents, July 1	<u>71,351</u>	<u>99,508</u>	<u>170,859</u>
Cash and Cash Equivalents, June 30	<u>\$ 92,886</u>	<u>\$ 112,322</u>	<u>\$ 205,208</u>
Reconciliation of Operating Income/(Loss) to			
Net Cash Provided By/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (276,464)	\$ 12,814	\$ (263,650)
Adjustment to Reconcile Operating Income/(Loss)			
to Cash Provided By/(Used for) Operating Activities:			
Depreciation	3,439		3,439
Changes in assets and liabilities:			
Increase in Prepaid Sales	1,109		1,109
(Decrease) in Accounts Payable	(3,013)		(3,013)
Net Cash Provided By/(Used for) Operating Activities	<u>\$ (274,929)</u>	<u>\$ 12,814</u>	<u>\$ (262,115)</u>

FIDUCIARY FUNDS

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Agency Funds</u>		
	<u>Payroll Agency</u>	<u>Student Activities</u>	<u>Total</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 637,405	\$ 20,754	\$ 658,159
Total Assets	<u>\$ 637,405</u>	<u>\$ 20,754</u>	<u>\$ 658,159</u>
<u>LIABILITIES:</u>			
Due to Student Groups		\$ 20,754	\$ 20,754
Interfund Payable:			
General Fund	\$ 44,729		44,729
Accrued Salaries and Wages	306,982		306,982
Payroll Deductions and Withholdings	<u>285,694</u>		<u>285,694</u>
Total Liabilities	<u>\$ 637,405</u>	<u>\$ 20,754</u>	<u>\$ 658,159</u>

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Employer Contributions	\$ 56,032
Plan Members	14,139
	<hr/>
Total Contributions	70,171
	<hr/>
Total Additions	70,171
	<hr/>
DEDUCTIONS:	
Unemployment Compensation Claims	70,171
	<hr/>
Total Deductions	70,171
	<hr/>
Change in Net Position	-0-
Net Position - Beginning of the Year	-0-
	<hr/>
Net Position - End of the Year	\$ -0-
	<hr/> <hr/>

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 9,935	\$ 41,502	\$ 30,683	\$ 20,754
Total Assets	<u>\$ 9,935</u>	<u>\$ 41,502</u>	<u>\$ 30,683</u>	<u>\$ 20,754</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 9,935	\$ 41,502	\$ 30,683	\$ 20,754
Total Liabilities	<u>\$ 9,935</u>	<u>\$ 41,502</u>	<u>\$ 30,683</u>	<u>\$ 20,754</u>

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>June 30, 2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2020</u>
Maria L. Varisco-Roger Charter School Student Account	<u>\$ 9,935</u>	<u>\$ 41,502</u>	<u>\$ 30,683</u>	<u>\$ 20,754</u>
Total	<u><u>\$ 9,935</u></u>	<u><u>\$ 41,502</u></u>	<u><u>\$ 30,683</u></u>	<u><u>\$ 20,754</u></u>

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 326,885	\$ 7,002,044	\$ 6,691,524	\$ 637,405
Total Assets	<u>\$ 326,885</u>	<u>\$ 7,002,044</u>	<u>\$ 6,691,524</u>	<u>\$ 637,405</u>
<u>LIABILITIES:</u>				
Interfund Payable:				
General Fund	\$ 43,273	\$ 1,456		\$ 44,729
Accrued Salaries and Wages	282,973	322,293	\$ 298,284	306,982
Payroll Deductions and Withholdings	<u>639</u>	<u>6,678,295</u>	<u>6,393,240</u>	<u>285,694</u>
Total Liabilities	<u>\$ 326,885</u>	<u>\$ 7,002,044</u>	<u>\$ 6,691,524</u>	<u>\$ 637,405</u>

LONG-TERM DEBT
(NOT APPLICABLE)

STATISTICAL SECTION
(UNAUDITED)

This part of the Charter School’s 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 Charter School’s overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the Charter School's financial performance and well-being have changed over time. J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the Charter School's ability to generate its property taxes. J-6 thru J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the Charter School's current levels of outstanding debt and the School's ability to issue additional debt in the future. J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Charter School's financial activities take place and to help make comparisons over time and with other governments. J-14 thru J-15

Operating Information

These schedules contain information about the Charter School's operations and resources to help the reader understand how the Charter School's financial information relates to the services the Charter School provides and the activities it performs. J-16 thru J-21

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

MARIA L. VARISCO-ROGERS CHARTER SCHOOL

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(UNAUDITED)

(Accrual Basis of Accounting)

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities:										
Investment in Capital Assets Restricted	\$ 26,846	\$ 46,349	\$ 150,394	\$ 170,892	\$ 164,006	\$ 331,489	\$ 227,351	\$ 143,608	\$ 78,861	\$ 25,263
Unrestricted/(Deficit)	3,081,382	3,746,416	3,370,865	3,659,953	507,741	(1,163,753)	(1,941,159)	(2,560,316)	(2,845,151)	(3,008,740)
Total Governmental Activities Net Position	\$ 3,108,228	\$ 3,792,765	\$ 3,521,259	\$ 3,830,845	\$ 671,747	\$ (832,264)	\$ (1,713,808)	\$ (2,416,708)	\$ (2,766,290)	\$ (2,908,477)
Business-Type Activities:										
Investment in Capital Assets Unrestricted	\$ 65,554	\$ 148,825	\$ 220,540	\$ 260,185	\$ 267,823	\$ 290,345	\$ 313,514	\$ 151,063	\$ 196,009	\$ 7,867
Total Business-Type Activities Net Position	\$ 65,554	\$ 148,825	\$ 220,540	\$ 260,185	\$ 267,823	\$ 290,345	\$ 313,514	\$ 151,063	\$ 11,397	\$ 211,163
Charter School-Wide										
Investment in Capital Assets Restricted	\$ 26,846	\$ 46,349	\$ 150,394	\$ 170,892	\$ 164,006	\$ 331,489	\$ 227,351	\$ 143,608	\$ 78,861	\$ 33,130
Unrestricted/(Deficit)	3,146,936	3,895,241	3,591,405	3,920,138	775,564	(873,408)	(1,627,645)	(2,409,253)	(2,649,142)	(2,805,444)
Total Charter School-Wide Net Position	\$ 3,173,782	\$ 3,941,590	\$ 3,741,799	\$ 4,091,030	\$ 939,570	\$ (541,919)	\$ (1,400,294)	\$ (2,265,645)	\$ (2,570,281)	\$ (2,697,314)

Source: Charter School Financial Reports.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
REVENUES, EXPENSES AND CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)
(Accrual Basis of Accounting)

	For Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 2,701,849	\$ 3,484,798	\$ 4,485,792	\$ 4,507,212	\$ 4,912,501	\$ 5,583,188	\$ 6,824,517	\$ 6,279,673	\$ 6,776,937	\$ 6,796,137
Special Education										475,867
Other Instruction										98,495
Support Services:										
Student & Instruction Related Services	921,819	1,600,824	1,965,864	2,115,331	2,354,309	2,540,298	2,501,871	2,586,664	2,672,924	766,822
General Administration Services	1,003,907	1,333,796	1,786,143	2,005,572	1,936,850	2,365,545	3,068,730	3,203,484	3,163,911	838,099
School Administration Services										1,485,149
Central Services										388,927
Administrative Information Technology										107,651
Plant Operations And Maintenance										1,345,071
Pupil Transportation										6,183
Capital Outlay	98,814	187,017	16,199	9,378	50,052	70,806			7,430	
Unallocated Depreciation	4,116	8,957	21,813	43,361	54,509	73,876	104,138	86,562	64,746	
Total Governmental Activities Expenses	4,730,505	6,615,392	8,275,811	8,680,854	9,308,221	10,633,713	12,499,256	12,156,383	12,685,948	12,308,401
Business-Type Activities:										
Food Service Program	192,489	249,287	231,816	338,623	382,788	322,689	391,197	612,552	410,030	294,910
After Care Program		28,236	93,618	57,739	46,562	39,385	13,915	9,943	11,318	9,701
Total Business-Type Activities Expenses	192,489	277,523	325,434	396,362	429,350	362,074	405,112	622,495	421,348	304,611
Total Charter School-Wide Expenses	4,922,994	6,892,915	8,601,245	9,077,216	9,737,571	10,995,787	12,904,368	12,778,878	13,107,296	12,613,012
Program Revenues:										
Governmental Activities:										
Operating Grants and Contributions	(16,515)	65,989	93,219	100,042	103,987	116,950	2,940,773	2,772,036	3,474,789	3,426,823
Total Governmental Activities Program Revenues	(16,515)	65,989	93,219	100,042	103,987	116,950	2,940,773	2,772,036	3,474,789	3,426,823
Business-Type Activities:										
Charges for Services	44,877	29,003	89,546	81,863	96,050	43,566	54,040	57,383	54,433	40,961
Operating Grants and Contributions	198,859	269,067	287,925	342,699	354,684	341,030	374,242	402,659	411,861	278,804
Transfers		62,723	56,587	68,032	54,286					
Total Business-Type Activities Program Revenues	243,736	360,793	434,058	492,594	505,020	384,596	428,282	460,042	466,294	319,765
Total Charter School-Wide Program Revenues	227,221	426,782	527,277	592,636	609,007	501,546	3,369,055	3,232,078	3,941,083	3,746,588
Net (Expenses)/Revenue										
Governmental Activities	(4,747,020)	(6,549,403)	(8,182,592)	(8,580,812)	(9,204,234)	(10,516,763)	(9,558,483)	(9,384,347)	(9,211,159)	(8,881,578)
Business-Type Activities	51,247	83,270	108,624	96,232	75,670	22,522	23,170	(162,453)	44,946	15,154
Total Charter School-Wide Net (Expenses)/Revenue	(4,695,773)	(6,466,133)	(8,073,968)	(8,484,580)	(9,128,564)	(10,494,241)	(9,535,313)	(9,546,800)	(9,166,213)	(8,866,424)

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
REVENUES, EXPENSES AND CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)
(Accrual Basis of Accounting)

	For Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Local Property Taxes - Charter School Aid	\$ 637,349	\$ 780,823	\$ 919,732	\$ 1,050,419	\$ 1,039,083	\$ 1,038,007	\$ 1,014,869	\$ 1,154,168	\$ 1,091,609	\$ 1,162,890
Unrestricted Federal and State Aid	5,367,483	6,402,127	6,969,011	7,836,347	7,831,084	7,971,728	7,660,479	7,514,331	7,767,478	7,576,210
Miscellaneous Income	43,486	46,940	22,343	3,631	25,097	3,017	1,591	12,948	2,490	291
Total Governmental Activities General Revenues and Other Changes	6,048,318	7,229,890	7,911,086	8,890,397	8,895,264	9,012,752	8,676,939	8,681,447	8,861,577	8,739,391
Business-Type Activities:										
Miscellaneous			25,814							
Total Business-Type Activities General Revenues and Other Changes			25,814							
Total Charter School-Wide General Revenues & Other Changes in Net Position	6,048,318	7,229,890	7,936,900	8,890,397	8,895,264	9,012,752	8,676,939	8,681,447	8,861,577	8,739,391
Change in Net Position:										
Governmental Activities	1,301,298	680,487	(271,506)	309,585	(308,970)	(1,504,011)	(881,544)	(702,900)	(349,582)	(142,187)
Business-Type Activities	51,247	83,270	134,438	96,232	75,670	22,522	23,170	(162,453)	44,946	15,154
Total Charter School-Wide Change in Net Position	\$ 1,352,545	\$ 763,757	\$ (137,068)	\$ 405,817	\$ (233,300)	\$ (1,481,489)	\$ (858,374)	\$ (865,353)	\$ (304,636)	\$ (127,033)

Source: Charter School Financial Reports.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)
(Modified Accrual Basis of Accounting)

	June 30,				
	2011	2012	2013	2014	2015
General Fund:					
Unassigned	\$ 3,081,382	\$ 3,746,416	\$ 3,370,865	\$ 3,659,953	\$ 3,357,869
Total General Fund	<u>\$ 3,081,382</u>	<u>\$ 3,746,416</u>	<u>\$ 3,370,865</u>	<u>\$ 3,659,953</u>	<u>\$ 3,357,869</u>
	June 30,				
	2016	2017	2018	2019	2020
General Fund:					
Restricted					\$ 75,000
Assigned					12
Unassigned	\$ 1,972,145	\$ 2,052,629	\$ 1,674,877	\$ 1,562,815	1,671,956
Total General Fund	<u>\$ 1,972,145</u>	<u>\$ 2,052,629</u>	<u>\$ 1,674,877</u>	<u>\$ 1,562,815</u>	<u>\$ 1,746,968</u>

Source: Charter School Financial Reports.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
 (UNAUDITED)
 (Modified Accrual Basis of Accounting)

	For the Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Local Charter School Aid	\$ 637,349	\$ 784,871	\$ 919,732	\$ 1,050,419	\$ 1,039,083	\$ 1,050,295	\$ 1,014,869	\$ 1,154,168	\$ 1,091,609	\$ 1,162,890
Miscellaneous	156,623	46,942	22,343	3,631	25,097	3,017	1,591	12,948	2,490	291
State Sources	4,796,093	5,990,613	6,629,563	7,415,728	7,418,566	7,562,546	8,645,091	8,737,455	9,119,826	9,577,568
Federal Sources	444,839	477,503	432,668	520,662	516,505	513,844	500,487	546,310	572,605	557,386
Total Revenue	6,034,904	7,299,929	8,004,306	8,990,440	8,999,251	9,129,702	10,162,038	10,450,881	10,786,530	11,298,135
Expenditures:										
Instruction:										
Regular Instruction	2,075,641	2,761,742	3,441,398	3,446,360	3,690,323	4,137,198	3,889,666	3,859,533	3,905,188	3,393,885
Special Education Instruction										378,736
Other Special Instruction										24,675
Support Services and Undistributed Costs:										
Student & Instruction Related Services	859,883	1,497,201	1,823,059	1,885,038	2,013,060	2,153,627	1,890,551	2,052,548	2,025,191	689,119
General Administration Services	1,692,051	2,160,475	2,973,342	3,296,717	3,500,277	3,912,436	3,316,725	3,690,609	3,608,436	670,832
School Administration Services										1,075,286
Central Services										290,740
Administrative Information Technology										78,000
Plant Operations And Maintenance										1,267,996
Pupil Transportation							984,612	1,223,124	1,352,348	6,183
Employee Benefits								2,819	7,430	3,238,530
Capital Outlay	126,545	215,477	142,058	73,238	97,675	312,165				
Total Expenditures	4,754,120	6,634,895	8,379,857	8,701,353	9,301,335	10,515,426	10,081,554	10,828,633	10,898,593	11,113,982
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	1,280,784	665,034	(375,551)	289,087	(302,084)	(1,385,724)	80,484	(377,752)	(112,063)	184,153
Other Financing Sources (Uses):										
Transfers out	(7,149)									
Total Other Financing Sources (Uses)	(7,149)									
Net Change In Fund Balances	\$ 1,273,635	\$ 665,034	\$ (375,551)	\$ 289,087	\$ (302,084)	\$ (1,385,724)	\$ 80,484	\$ (377,752)	\$ (112,063)	\$ 184,153
Debt Service as a Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Charter School Financial Reports.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
 (UNAUDITED)
 (Modified Accrual Basis of Accounting)

Fiscal Year Ended June 30,	Interest on Investments	Miscellaneous	Grants and Contributions	Total
2011	\$ 7,192		\$ 149,431	\$ 156,623
2012	7,673	\$ 3,732	35,537	46,942
2013	3,671	9,128	9,544	22,343
2014	2,966	108	557	3,631
2015	2,581	21,716	800	25,097
2016	1,017	2,000		3,017
2017	672	919		1,591
2018	541	5,252	7,155	12,948
2019		2,490		2,490
2020	291			291

Source: Charter School Financial Reports.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction:										
Regular	34	41	60	66	68	67	61	64	66	61
Support Services:										
School Administration Services	9	14	15	17	15	14	16	16	13	15
Support Services	6	10	9	8	13	11	13	11	11	9
Total	49	65	84	91	96	92	90	92	90	85

Source: Princeton Charter School Business Office.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
OPERATING STATISTICS
LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percent Change	Teaching Staff ^c	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle				
2011	290	\$ 4,628,282	\$ 15,960	0.00%	41	N/A	N/A	288.1	279	20.03%	96.84%
2012	366	6,419,418	17,539	38.70%	60	N/A	N/A	366.0	347	27.04%	94.89%
2013	441	8,237,799	18,680	28.33%	65	N/A	N/A	441.0	415	20.49%	93.99%
2014	464	8,628,115	18,595	4.74%	66	N/A	N/A	463.1	436	5.01%	94.04%
2015	486	9,203,660	18,938	6.67%	68	N/A	N/A	490.8	470	5.98%	95.80%
2016	486	10,203,261	20,994	10.86%	67	N/A	N/A	486.0	466	-0.98%	95.80%
2017	540	10,081,554	18,670	-1.19%	61	N/A	N/A	540.0	517	11.11%	95.80%
2018	547	10,828,633	19,796	7.41%	64	N/A	N/A	546.6	524	1.22%	95.79%
2019	554	10,898,593	19,673	0.65%	66	11:1	8:1	554.2	531	1.39%	95.80%
2020	577	11,113,982	19,262	1.98%	64	9:1	9:1	573.4	556	3.46%	96.93%

Note: Enrollment is based on final June enrollment count.

^a Operating expenditures equal total expenditures less capital outlay.

^b Teaching staff includes only full-time equivalents of certificated staff.

^d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

N/A - Information Not Available

Source: Princeton Charter School Business Office.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>District Building</u>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
18 Heller Parkway Grades 5 thru 8	11,200	11,200	11,200	11,200	11,200	11,200	11,200	11,200	11,200	11,200
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (Students)	290	366	194	216	216	216	240	240	313	259
Enrollment										
243 Woodside Avenue Elementary & Kindergarten	N/A	N/A	18,711	18,711	18,711	18,711	18,711	18,711	18,711	18,711
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (Students)	N/A	N/A	270	270	270	270	300	307	245	318
Enrollment										
381 Woodside Avenue Administrative Offices	N/A	N/A	N/A	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Square Feet										
233 Woodside Avenue Administration & Computer Labs	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400
Square Feet										

Number of Schools at June 30, 2020:

Elementary = 1

Middle School = 1

N/A - Not Applicable/Available

Source: School Facilities Office

Note: Enrollment is based on the final June school count.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
INSURANCE SCHEDULE
JUNE 30, 2020
(UNAUDITED)

Commercial Package Policy - New Jersey Schools Insurance Group (NJSIG):

	<u>Coverage</u>	<u>Deductible</u>
Real & Personal Property (per occurrence)	\$ 500,000,000	\$ 1,000
Blanket Extra Expense	\$ 50,000,000	\$ 1,000
Blanket Valuable Paper & Records	\$ 10,000,000	\$ 1,000
Demolition & Increased Cost of Construction	\$ 25,000,000	
Limited Builders Risk	\$ 10,000,000	
Fire Dept. Service Charge	\$ 10,000	
Arson Reward	\$ 10,000	
Pollution Cleanup & Removal	\$ 250,000	
Flood/Earthquake:		
Flood Zone A & V	\$ 25,000,000	\$ 500,000
All Other Flood Zones	\$ 75,000,000	\$ 10,000
Earthquake	\$ 50,000,000	\$ 1,000
Terrorism	\$ 1,000,000	
Electronic Data Processing:		
Blanket Hardware/Software, Extra Expense, Business Income, Transit, Debris Removal	\$ 550,000	\$ 1,000
Flood (Deductible for Zone A & Z)		\$ 500,000
(Deductible All Other Flood Zones)		\$ 10,000
Equipment Breakdown		
Combined Single Limit/Accident for Property		
Damage & Business Income	\$ 100,000,000	\$ 1,000
Property Damage	Included	\$ 1,000
Off Premises Property Damage	\$ 1,000,000	\$ 1,000
Extra Expense	\$ 10,000,000	\$ 1,000
Service Interruption	\$ 10,000,000	\$ 1,000
Perishable Goods	\$ 1,000,000	\$ 1,000
Data Restoration	\$ 1,000,000	\$ 1,000
Demolition	\$ 1,000,000	\$ 1,000
Ordinance or Law	\$ 1,000,000	\$ 1,000
Expediting Expense	\$ 1,000,000	\$ 1,000
Hazardous Substances	\$ 1,000,000	\$ 1,000
Newly Acquired Locations - 120 Days Notice	\$ 1,000,000	\$ 1,000
Crime Coverage:		
Public Employee Dishonesty	\$ 100,000	\$ 1,000
Theft, Disapp. & Destruction/Money Orders & Counterfeit Currency	\$ 50,000	\$ 500
Forgery or Alteration	\$ 50,000	\$ 500
Computer Fraud	\$ 50,000	\$ 500

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
INSURANCE SCHEDULE
JUNE 30, 2020
(UNAUDITED)

Commercial Package Policy - New Jersey Schools Insurance Group (NJSIG):

	Coverage	Deductible
Public Officials Bond		
Board Secretary - J Segarra (NJSIG)	\$ 220,000	\$ 1,000
Treasurer - A Barre (NJSIG)	\$ 220,000	\$ 1,000
General Liability:		
Bodily Injury & Property Damage	\$ 6,000,000	
Products & Completed Operations	\$ 6,000,000	
Sexual Abuse	\$ 6,000,000	
Personal Injury & Advertising Injury	\$ 6,000,000	
Employee Benefits Liability	\$ 6,000,000	\$ 1,000
Premises Medical Payments	\$10,000 per accident \$5,000 per person	
Terrorism	\$ 1,000,000	
Automotive Coverage:		
Combined Single Limit for Bodily Injury & Property Damage	\$ 6,000,000	\$ 1,000
Personal Injury Protection	\$ 250,000	
Medical Payments	\$ 10,000	
Underinsured	\$ 15,000	
Terrorism	\$ 1,000,000	
Garagekeepers	Included	
School Leaders Errors & Omissions		
Coverage A - protection againsts "loss"/Wrongful Acts	\$ 6,000,000	\$ 5,000
Coverage B - defense costs for specific administrative actions	\$100,000/claim \$300,000/agg	\$ 5,000 \$ 5,000
Retro Date	7/1/1986	
Workers' Compensation		
Part One	Statutory	
Part Two		
Bodily Injury by Accident	\$ 2,000,000	
Bodily Injury by Disease	\$ 2,000,000	
Student Accident		
All School Base (AIG)	\$ 25,000	
Catastrophic (AIG)	\$ 7,500,000	\$ 25,000

Source: Maria L. Varisco-Rogers Charter School Business Office.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
FINANCIAL PERFORMANCE - GOVERNMENTAL ACTIVITIES
LAST FOUR FISCAL YEARS
(UNAUDITED)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Cash	\$ 1,769,852	\$ 1,687,843	\$ 1,615,584	\$ 1,652,002
Current Assets	502,128	216,707	190,300	250,924
Capital Assets, Net	227,351	143,608	78,861	25,263
Total Assets	<u>2,499,331</u>	<u>2,048,158</u>	<u>1,884,745</u>	<u>1,928,189</u>
Deferred Outflows	<u>2,386,231</u>	<u>1,541,651</u>	<u>1,191,926</u>	<u>1,504,126</u>
Current Liabilities	219,351	229,673	243,069	374,265
Long-Term Liabilities	6,380,019	4,480,867	3,997,494	4,253,621
Total Liabilities	<u>6,599,370</u>	<u>4,710,540</u>	<u>4,240,563</u>	<u>4,627,886</u>
Deferred Inflows	<u>-0-</u>	<u>1,295,977</u>	<u>1,602,398</u>	<u>1,712,906</u>
Net Position/(Deficit)	<u>\$ (1,713,808)</u>	<u>\$ (2,416,708)</u>	<u>\$ (2,766,290)</u>	<u>\$ (2,908,477)</u>
Total Revenue	\$ 12,045,994	\$ 11,913,525	\$ 12,802,660	\$ 12,166,214
Total Expenses	<u>12,904,368</u>	<u>12,778,878</u>	<u>13,107,296</u>	<u>12,308,401</u>
Change in Net Position	<u>\$ (858,374)</u>	<u>\$ (865,353)</u>	<u>\$ (304,636)</u>	<u>\$ (142,187)</u>
Depreciation Expense	\$ 104,138	\$ 86,562	\$ 64,746	\$ 53,598
Final Average Daily Enrollment	540	547	588	573
March 30th Budgeted Enrollment	540	540	560	558
Near Term Indicators:				
Current Ratio	2.29	0.94	0.78	0.67
Unrestricted Days Cash	258.47	300.79	312.87	312.72
Enrollment Variance	1.00	1.01	1.05	1.03
Default	No	No	No	No
Sustainability Indicators:				
Total Margin	-7.13%	-7.26%	-2.38%	-1.17%
Debt to Asset	2.34	2.12	2.04	N/A
Cash Flow	\$ 257,035	\$ (82,009)	\$ (72,259)	\$ 36,418
Debt Service Coverage Ratio	N/A	N/A	N/A	N/A

SINGLE AUDIT SECTION



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Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards
Independent Auditors' Report

The Honorable President and Members
of the Board of Trustees
Maria L. Varisco-Rogers Charter School
County of Essex, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Maria L. Varisco-Rogers Charter School, in the County of Essex (the "Charter School") as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated December 15, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 Charter School's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

The Honorable President and Members
of the Board of Trustees
Maria L. Varisco-Rogers Charter School
Page 2

Compliance and Other Matters

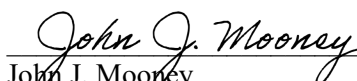
As part of obtaining reasonable assurance about whether the Charter School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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* in considering the Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 15, 2020
Mount Arlington, New Jersey


NISIVOCCIA LLP



John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant



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Independent Member
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Report on Compliance for Each Major Federal and State Program;
Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members
of the Board of Trustees
Maria L. Varisco-Rogers Charter School
County of Essex, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Maria L. Varisco-Rogers Charter School's (the "Charter School's") compliance with the types of compliance requirements described in the and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal and state programs for the fiscal year ended June 30, 2020. The Charter School's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter School's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

The Honorable President and Members
of the Board of Trustees
Maria L. Varisco-Rogers Charter School
Page 2

Opinion on Each Major Federal and State Program

In our 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 federal and 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 our audit of compliance, we considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over compliance.

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

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

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

December 15, 2020
Mount Arlington, New Jersey

Nisiroccia LLP
NISIVOCCIA LLP

John J. Mooney
John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE PERIOD ENDED JUNE 30, 2020

Federal Grantor/Pass Through Grantor/Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2019		Balance June 30, 2020	
					Budgetary (Accounts Receivable)	Cash Received	Budgetary Expenditures	Budgetary (Accounts Receivable)
Special Revenue Fund:								
US Department of Education Passed-through State of New Jersey Department of Education Special Education Cluster:								
I.D.E.A. Part B, Basic	84.027	IDEA-7735-19	7/1/18-9/30/19	\$ 117,401	\$ (5,922)	\$ 5,922		
I.D.E.A. Part B, Basic	84.027	IDEA-7735-20	7/1/19-9/30/20	118,666		42,862	\$ (118,666)	\$ (75,804)
Total Special Education Cluster						48,784	(118,666)	(75,804)
Elementary and Secondary Education Act:								
Title I	84.010	ESEA-7735-20	7/1/19-9/30/20	338,364		335,378	(384,069)	(48,691)
Title I - Reallocated	84.010	ESEA-7735-20	7/1/19-9/30/20	11,002		11,002	(11,002)	
Title II - Part A	84.367	ESEA-7735-20	7/1/19-9/30/20	968		746	(746)	
Title III	84.365	ESEA-7735-20	7/1/19-9/30/20	37,324		33,125	(37,126)	(4,001)
Total Elementary and Secondary Education Act						380,251	(432,943)	(52,692)
COVID 19 - CARES Emergency Relief Grant	84.425D	CARES-7735-20	3/13/20-9/30/22	283,676			(132,073)	(132,073)
Total Special Revenue Fund						429,035	(683,682)	(260,569)
Enterprise Fund:								
U.S. Department of Agriculture: Passed-through State Department of Agriculture:								
Child Nutrition Cluster:								
National School Lunch Program	10.555	N/A	7/1/18-6/30/19	268,208	(11,468)	11,468		
National School Lunch Program	10.555	N/A	7/1/19-6/30/20	186,333		186,333	(186,333)	
School Breakfast Program	10.553	N/A	7/1/18-6/30/19	103,727	(4,312)	4,312		
School Breakfast Program	10.553	N/A	7/1/19-6/30/20	65,814		65,814	(65,814)	
National School Snack Program	10.555	N/A	7/1/18-6/30/19	103,727	(4,312)	4,312		
National School Snack Program	10.555	N/A	7/1/19-6/30/20	4,150		4,150	(4,150)	
Fresh Fruits and Vegetables Program	10.582	N/A	7/1/18-6/30/19	103,727	(4,312)	4,312		
Fresh Fruits and Vegetables Program	10.582	N/A	7/1/19-6/30/20	19,317		19,317	(19,317)	
Total Enterprise Fund					(24,404)	300,018	(275,614)	
Total Federal Awards					\$ (24,404)	\$ 729,053	\$ (959,296)	\$ (260,569)
N/A - Not Available								\$ - 0 -

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE PERIOD ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	June 30, 2019		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2020		MEMO	
				(Budgetary Accounts Receivable)	Due to Grantor				GAAP Receivable	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education:												
General Fund:												
Adjustment Aid	20-495-034-5120-085	7/01/19-6/30/20	\$ 877,275			\$ 877,275	\$ (877,275)				\$	877,275
Equalization Aid	20-495-034-5120-078	7/01/19-6/30/20	6,698,935			6,676,322	(6,698,935)					6,698,935
Equalization Aid	19-495-034-5120-078	7/01/18-6/30/19	6,255,259	\$ (16,246)	\$ 40,188	16,246		\$ 40,188		\$ (22,613)	\$ (22,613)	6,255,259
Security Aid	20-495-034-5120-084	7/01/19-6/30/20	310,405			310,405	(310,405)					310,405
Security Aid	19-495-034-5120-084	7/01/18-6/30/19	254,850	(550)	2,074	550		2,074				254,850
Special Education Aid	20-495-034-5120-089	7/01/19-6/30/20	251,569			251,569	(251,569)					251,569
Special Education Aid	19-495-034-5120-089	7/01/18-6/30/19	232,323		3,666			3,666				232,323
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/01/19-6/30/20	297,510			297,510	(297,510)					297,510
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/01/19-6/30/20	817,085			817,085	(817,085)					817,085
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/01/19-6/30/20	308,557			308,557	(308,557)					308,557
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/01/19-6/30/20	1,587			1,587	(1,587)					1,587
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/01/19-6/30/20	14,645			14,645	(14,645)					14,645
Total General Fund				(16,796)	45,928	9,571,751	(9,577,568)	45,928	(22,613)	(22,613)		16,320,000
Enterprise Fund:												
State School Lunch Program	20-100-010-3350-023	7/01/19-6/30/20	3,190			3,190	(3,190)					3,190
State School Lunch Program	19-100-010-3350-023	7/01/18-6/30/19	4,709	(200)		200						4,709
Total Enterprise Fund				(200)		3,390	(3,190)					7,899
Total State Awards Subject to Single Audit Determination				\$ (16,996)	\$ 45,928	\$ 9,575,141	(9,580,758)	\$ 45,928	\$ (22,613)	\$ (22,613)		\$ 16,327,899
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/01/19-6/30/20	(817,085)				817,085					
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/01/19-6/30/20	(308,557)				308,557					
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/01/19-6/30/20	(1,587)				1,587					
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/01/19-6/30/20	(14,645)				14,645					
Subtotal - On-Behalf TPAF Pension System Contributions							1,141,874					
							\$ (8,438,884)					

SEE ACCOMPANYING NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal and State Awards include federal and state grant activity of the Board of Trustees, Maria L. Varisco-Rogers Charter School under programs of the federal and state governments for the fiscal year ended June 30, 2020. 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 New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Charter School, they are not intended to and do not present the financial position, changes in net position or cash flows of the Charter School.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the Charter School's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The General Fund is presented in the accompanying schedules on the modified accrual basis.

The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

The net adjustment to reconcile revenue from the budgetary basis to the GAAP basis is \$-0- for the General Fund and \$(126,296) for Special Revenue Fund. Revenue from Federal and State awards is reported on the Charter School's basic financial statements on a GAAP basis as presented below:

	<u>Federal Sources</u>	<u>State Sources</u>	<u>Total</u>
General Fund		\$ 9,577,568	\$ 9,577,568
Special Revenue Fund	\$ 557,386		557,386
Enterprise Fund	275,614	3,190	278,804
Total Financial Assistance	<u>\$ 833,000</u>	<u>\$ 9,580,758</u>	<u>\$ 10,413,758</u>

NOTE 5. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2020.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the Charter School.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *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*.
- No instances of noncompliance material to the financial statements of the Charter School which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over each of the major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major federal and state programs for the Charter School expresses an unmodified opinion on all of its major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The Charter School's major federal and state programs for the current period consisted of the following Federal and State awards:

<u>Program Title</u>	<u>State Grant Number/ C.F.D.A. Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal Programs:</u>				
Child Nutrition Cluster:				
National School Lunch Program	10.555	7/1/19-6/30/20	\$ 186,333	\$ 186,333
School Breakfast Program	10.553	7/1/19-6/30/20	65,814	65,814
National School Snack Program	10.555	7/1/19-6/30/20	4,150	4,150
<u>State Programs:</u>				
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	6,698,935	6,698,935
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	251,569	251,569
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	310,405	310,405
Adjustment Aid	20-495-034-5120-085	7/1/19-6/30/20	877,275	877,275

- The threshold used for distinguishing between state and federal Type A and Type B programs was \$750,000.
- The Charter School was determined to be a "low risk" auditee for both Federal and State Programs.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Status of Prior Year Findings:

There were no prior year audit findings.