



ATLANTIC COMMUNITY
CHARTER SCHOOL

Atlantic Community Charter School, Inc.

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021

ATLANTIC COMMUNITY CHARTER SCHOOL
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INTRODUCTORY SECTION



**ATLANTIC COMMUNITY
CHARTER SCHOOL**

**112 South New York Road
Galloway, NJ 08205
Phone: 609.428.4300**

AtlanticCommunityCharter.com

February 23, 2022

The Honorable President and
Members of the Board of Trustees
Atlantic Community Charter School
Galloway, New Jersey 08205

Dear Board Members:

We are pleased to present to you the Annual Comprehensive Financial Report (the "ACFR") of the Atlantic Community Charter School (the "Charter School") for the fiscal year ended June 30, 2021. This ACFR includes the Charter School's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. 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 (the "Board").

To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

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

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;
- The Single Audit Section -The Charter School is required to undergo an annual single audit, if applicable, 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* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

Charter School Organization

An appointed seven member Board serves as the policy maker for the Charter School. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of the Charter School's tax money.

The Lead Person is the Chief Executive Officer of the Charter School, responsible to the Board for total educational and support operations. The Business Administrator is the Chief Financial Officer of the Charter School, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the Charter School, acting as custodian of all Charter School funds, and investing idle funds as permitted by New Jersey law.

1. REPORTING ENTITY AND ITS SERVICES

The Charter School is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the Charter School are included in this report. The Charter School's Board constitutes the Charter School's reporting entity.

The Charter School provides a full range of services appropriate to grade levels Kindergarten through Eighth grade. These services include regular, as well as special education and basic skills instruction. The Charter School completed the 2020-21 school year with an enrollment of 352 students.

2. ECONOMIC CONDITION AND OUTLOOK

The Charter School opened in September 2014 with a four-year charter expiring on June 30, 2018. On January 11, 2018, the State of New Jersey Department of Education renewed the Charter School's charter for a period of five years through June 30, 2023. Enrollment at the Charter School has grown from an initial 150 students to 352 students for the school year ended June 30, 2021. Expected enrollment for 2021-22 school year is 367 students. Management is stable and the Charter School's finances support the anticipated growth of the student population.

MAJOR INITIATIVES

The Charter School has developed a comprehensive strategic plan to support its mission of academic achievement in all areas based on a foundation of strong literacy as a blueprint for the achievement of its goals. The plan includes the use of data driven instruction and decision making by teachers and administrators; formal professional development for the certified and non-certified staff; and the implementation of a technology plan in all classrooms.

3. INTERNAL ACCOUNTING CONTROLS

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

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

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

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

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 the county office of education. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. There were no amounts to be reported as assignments of fund balance at June 30, 2021. (no re-appropriations)

5. ACCOUNTING SYSTEM AND REPORTS

The School's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the School is organized on the basis of funds.

6. CASH MANAGEMENT

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

7. RISK MANAGEMENT

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

8. OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company LLP was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

9. ACKNOWLEDGEMENTS

We would like to express our appreciation to the members of the Board for their concern in providing fiscal accountability to the citizens and taxpayers 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 our entire staff.

Respectfully submitted,

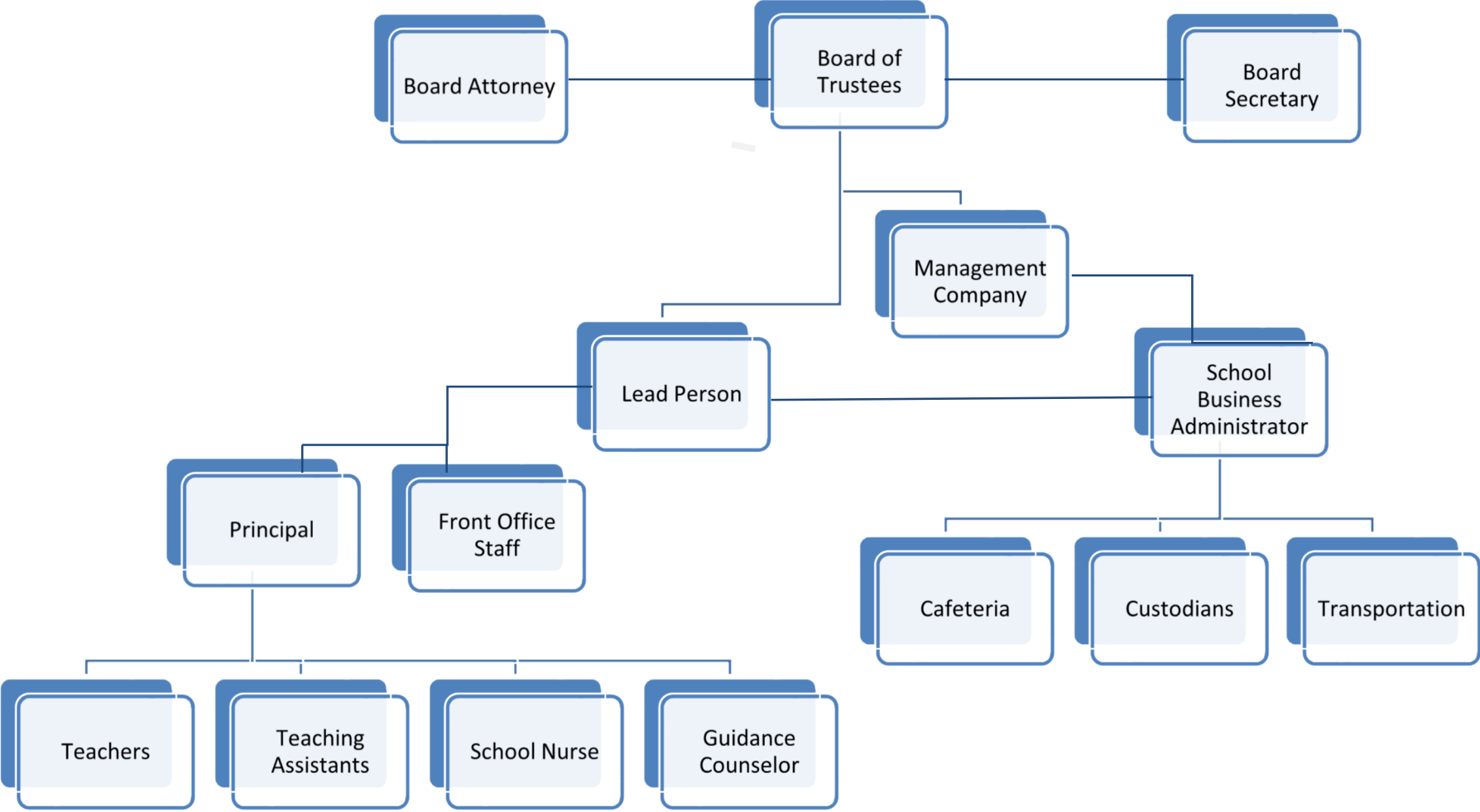


Ms. Donella Edwards
Board Secretary



Shelly Ward Richards, Ed. D.
Lead Person

Atlantic Community Charter School
Organizational Chart



**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
GALLOWAY, NEW JERSEY**

**ROSTER OF OFFICIALS
June 30, 2021**

Members of the Board of Trustees

Officers:

Dr. Dominick Potena	President
Douglas B. Groff	Vice President

Board Members:

Matthew Heinle
Peter Damon Seltzer
Marlene D. Frayne
Linda A. Brand
Dr. Kenneth King

Staff:

Mr. Edward Cetrullo	Lead person/ Principal
Ms. Donnella F. Edwards	School Business Administrator and Board Secretary

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
GALLOWAY, NEW JERSEY**

Consultants & Advisors

Management Company:

CSMI, LLC
419 Avenue of the States
Chester, PA 19013

Board Secretary

Ms. Donella Edwards
MAP Educational Consultants, LLC
802 Main Street, Suite 3A
Toms River, NJ 08075

School Board Administrator

Ms. Donella Edwards
MAP Educational Consultants, LLC
802 Main Street, Suite 3A
Toms River, NJ 08075

Certified Purchasing Agent:

James Shoop
MAP Educational Consultants, LLC
Main Street, Suite 3A
Toms River, NJ 08075

Audit Firm:

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

Attorney:

Seth Broder
Broder Law Group, P. C.
110 Marter Avenue, Suite 103
Moorestown, NJ 08057

Official Depositories:

Fulton Bank of NJ
Suite 250
533 Fellowship Road
Mt. Laurel, NJ 08054

Insurance Broker:

Conner Strong & Buckelew
40 Lake Center Executive Park
401 Rt 73N
Marlton, NJ 08053

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
Atlantic Community Charter School, Inc.
Galloway, New Jersey 08205

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Atlantic Community Charter School, Inc., in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Atlantic Community Charter School, Inc., in the County of Atlantic, State of New Jersey, as of June 30, 2021, 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.

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Emphasis of Matter

Adoption of New Accounting Principle

As discussed in note 1 to the financial statements, during the fiscal year ended June 30, 2021, the Charter School adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Consistency of Financial Statements

Because of the implementation of GASB Statement No. 84, several funds of the Charter School that were reported as fiduciary fund types in the prior fiscal year are now reported in governmental activities and governmental fund types. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2022 on our consideration of the Atlantic Community Charter School, Inc.'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 Atlantic Community Charter School, Inc. 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 Atlantic Community Charter School, Inc.'s internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Scott P. Barron
Certified Public Accountant
Public School Accountant No. CS 002459

Voorhees, New Jersey
February 23, 2022

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
Atlantic Community Charter School, Inc.
Galloway, New Jersey 08205

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities and each major fund of the Atlantic Community Charter School, Inc., in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated February 23, 2022. Our report on the financial statements included an emphasis of matter paragraph describing the adoption of a new accounting principle, and an additional paragraph on the consistency of financial statements resulting from the new accounting principle.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Atlantic Community Charter School, Inc.'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 Atlantic Community Charter School, Inc.'s internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Scott P. Barron
Certified Public Accountant
Public School Accountant No. CS 002459

Voorhees, New Jersey
February 23, 2022

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2021

(Unaudited)

As management of the Atlantic Community Charter School, Inc. (hereafter referred to as the "Charter School"), we offer readers of the Charter School's annual financial report this narrative overview and analysis of the financial activities for the fiscal year that ended on June 30, 2021. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the information furnished in our letter of transmittal, notes to the basic financial statements, and financial statements to enhance their understanding of the Charter School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain required comparative information between the current fiscal year (2020-2021) and the prior fiscal year (2019-2020) is presented in the MD&A.

FINANCIAL HIGHLIGHTS

- The net position of the Charter School, which represents the difference between the summation of assets and deferred outflows of resources and the summation of liabilities and deferred inflows of resources, totaled \$253,068 at the close of the current fiscal year all of which is for governmental activities. This included \$23,627 net investment in capital assets and an unrestricted balance of \$229,441. At June 30, 2020, net position was \$126,875.
- General revenues were \$6,970,720 or 69% of all revenues. Program specific revenues in the form of operating grants and capital grants were \$2,420,597 or 24% of total revenues. In addition, the Charter School realized a special item which was the Paycheck Protection Program Loan Forgiveness of \$704,994 or 7% of all revenues. Total revenues were \$10,096,311. Total revenues at June 30, 2020 were \$7,861,002.
- Expenses were \$9,265,124. Expenses at June 30, 2020 were \$7,873,583.
- Capital assets net of accumulated depreciation were \$58,043. Capital assets net of accumulated depreciation at June 30, 2020 were \$48,118.
- General Fund fund balance at June 30, 2021 was \$706,656. General Fund fund balance at June 30, 2020 was \$433,215.

USING THIS ANNUAL COMPREHENSIVE FINANCIAL REPORT

This annual comprehensive financial report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Charter School as a whole and present a longer-term view of the Charter School's finances. Fund financial statements for the governmental activities tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Charter School's operations in more detail than the government-wide statements by providing information about the Charter School's most significant funds.

Reporting the Charter School as a Whole

One of the most important questions asked about the Charter School's finances is, "Is the Charter School as a whole better off or worse off as a result of the fiscal year's activities?" The statement of net position and the statement of activities report information about the Charter School as a whole and about its activities in a way that helps answer this question.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021
(Unaudited)

USING THIS ANNUAL COMPREHENSIVE FINANCIAL REPORT (CONT'D)

Reporting the Charter School as a Whole (Cont'd)

These statements include *all* assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All the current fiscal year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Charter School's *net position* and changes in it. You can think of the Charter School's net position - which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources - as one way to measure the Charter School's financial health, or *financial position*. Over time, *increases or decreases* in the Charter School's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Charter School's revenue base and the condition of the Charter School's capital assets, to assess the *overall health* of the Charter School.

Reporting the Charter School's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds, not the Charter School as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Charter School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Charter School can be divided into two categories: governmental funds and proprietary funds.

Governmental funds - governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Charter School maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and special revenue fund, which are both, considered major funds. For the current and previous fiscal year, the Charter School did not have any activity in the capital projects fund.

The Charter School adopts an annual budget for its general fund and special revenue fund. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

Proprietary Funds - The Charter School does not maintain a proprietary fund as its food services operation is outsourced to a New Jersey public school district.

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021
(Unaudited)

USING THIS ANNUAL COMPREHENSIVE FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL AS A WHOLE

During fiscal year 2021, the Charter School's net position increased by \$126,193, increasing from \$126,875, in fiscal year 2020 to \$253,068 in fiscal year 2021. The analysis that follows focuses on the net position (Table A-1), the impact on net position from the implementation of GASB 68 (Table A-2) and changes in net position (Table A-3) of the Charter School's governmental activities. The net cost of governmental activities is shown in Table A-4.

**Table A-1
STATEMENTS OF NET POSITION**

	<u>Governmental Activities</u>	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>
ASSETS:		
Cash and Cash Equivalents	\$ 1,478,794	\$ 1,906,396
Accounts Receivable, net	316,739	273,289
Prepaid Expenses	3,619	4,487
Restricted Cash and Cash Equivalents	7,153	528,839
Capital Assets, net	<u>58,043</u>	<u>48,118</u>
Total Assets	<u>1,864,348</u>	<u>2,761,129</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Related to Pensions	<u>813,300</u>	<u>424,606</u>
LIABILITIES:		
Accounts Payable and Accrued Expenses	1,062,337	1,398,900
Accrued Interest Payable	718	1,044
Payable to Local Government	32,035	171,265
Unearned Revenue	1,658	150
Noncurrent Liabilities:		
Due within One Year	164,144	140,551
Due beyond One Year	<u>644,110</u>	<u>969,570</u>
Total Liabilities	<u>1,905,002</u>	<u>2,681,480</u>
DEFERRED INFLOWS OF RESOURCES:		
Related to Pensions	<u>450,872</u>	<u>335,165</u>
NET POSITION		
Net Investment in Capital Assets	23,627	22,380
Unrestricted	<u>229,441</u>	<u>104,495</u>
Total Net Position	<u>\$ 253,068</u>	<u>\$ 126,875</u>

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021
(Unaudited)

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

Table A-2
STATEMENT OF NET POSITION - EFFECT OF PENSION RELATED ITEMS

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>	<u>% Change</u>
Deferred Outflows Related to Pensions	\$ 813,300	\$ 424,606	\$ 388,694	92%
Less: Net Pension Liability	(629,294)	(251,372)	(377,922)	150%
Less: Deferred Inflows Related to Pensions	<u>(450,872)</u>	<u>(335,165)</u>	<u>(115,707)</u>	35%
	<u>\$ (266,866)</u>	<u>\$ (161,931)</u>	<u>\$ (104,935)</u>	

Total assets decreased by (\$896,781) or (32%). In the Charter School's normal fiscal year operations, the overall cash position of the Charter School decreased by (\$949,288), receivables increased by \$43,450. Capital Assets increased \$9,925. Prepaid expenses decreased (\$868).

Deferred outflows increased \$388,694 because of Governmental Accounting Standards Board Statement No. 68 (GASB 68) for the Charter School's participation in the Public Employees' Pension Plan.

Overall liabilities decreased by (\$776,478) or (29%). This net decrease is from decreases in accounts payable and accrued expenses of (\$336,563), a decrease in amounts payable to local governments of (\$139,230), a decrease in accrued interest on capital leases of (\$326), and a net decrease in noncurrent liabilities of (\$301,867), offset with an increase in unearned revenue of \$1,508. The net decrease in noncurrent liabilities included a decrease for the loan under the Paycheck Protection Program of \$704,994 which has been forgiven, offset with increases for compensated absences of \$16,527, a net increase in capital leases of \$8,678, and an increase in net pension liability of \$377,922.

Deferred inflows of resources increased by \$115,707 a result of Governmental Accounting Standards Board Statement No. 68 (GASB 68) for the Charter School's participation in the Public Employees' Pension Plan.

One portion, \$23,627 or 9%, of the Charter School's total net position at the end of the current fiscal year reflects its net investment in capital assets (i.e., equipment). This was \$22,380 at June 30, 2020. This component represents capital assets, net of accumulated depreciation and net of outstanding balances of borrowings in the form of a capital lease used for the acquisition of these assets. The Charter School uses these assets to provide educational services to students; consequently, these assets are not available for future spending.

The Charter School has no restricted net position.

The final component of net position is unrestricted. This component represents resources and uses that do not meet the criteria of the aforementioned component of net position. At the end of the current fiscal year, the Charter School's unrestricted net position at June 30, 2021 was \$229,441 or 91% of net position. This was \$104,495 at June 30, 2020.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021
(Unaudited)

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

Table A-3
STATEMENTS OF ACTIVITIES

	<u>Governmental</u> <u>Activites</u>	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Revenues:		
Program Revenues:		
Operating Grants and Contributions	\$ 2,417,805	\$ 1,687,931
Capital Grants and Contributions	2,792	
General Revenues:		
Charter School Aid	5,569,111	5,435,054
State and Federal Aid - Not Restricted	692,154	733,521
Miscellaneous Income	4,461	4,496
Special Item:		
Paycheck Protection Program Loan Forgiveness	704,994	
	<u>9,391,317</u>	<u>7,861,002</u>
Total Revenues and Special Items		
Expenses:		
Regular Instruction	1,969,165	2,120,470
Special Education Instruction	831,081	798,541
Bilingual Education Instruction	95,944	37,122
Before and After School Programs Instruction		16,027
Summer School Instruction	16,220	8,974
Support Services and Undistributed Costs:		
Student and Instruction Related Services	657,510	569,282
School Administrative Services	496,211	433,861
Other Administrative Services	1,869,522	1,424,670
Plant Operations and Maintenance	697,953	687,743
Pupil Transportation	127,317	133,606
Unallocated Benefits	2,501,917	1,641,756
Interest on Long-term Debt	2,284	1,531
	<u>9,265,124</u>	<u>7,873,583</u>
Total Expenses		
Change in Net Position	126,193	(12,581)
Net Position, July 1	126,875	139,456
Net Position, June 30	<u>\$ 253,068</u>	<u>\$ 126,875</u>

During fiscal year 2021, the Charter School's total revenues increased by \$1,530,315, increasing from \$7,861,002 in fiscal year 2020 to \$9,391,317 in fiscal year 2021. The net increase in total revenues is attributable to increases in operating grants and contributions of \$729,874, Capital Grants and Contributions of \$2,792, Charter School Aid of \$134,057, SEMI Medicaid of \$1,388 and a special item for the forgiveness of the Paycheck Projection Loan of \$704,994 offset with decreases for Adjustment Aid of (\$42,755) and miscellaneous revenues of (\$35).

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021
(Unaudited)

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

The largest concentration of total revenues of the Charter School for fiscal year 2021 is Charter School Aid, which consisted of Local Levy Equalization Aid State and Local Share and Categorical Special Education and Security Aid. These totaled \$5,569,111 and represented 59% of total revenues, followed by operating and capital grants of \$2,420,597 or 26%, a special item for the forgiveness of the Paycheck Protection Program Loan of \$704,994 or 7% and Adjustment Aid received directly from the State of New Jersey \$683,893 or 7%. Lastly is SEMI Medicaid of \$8,049 and miscellaneous income of \$4,461 both at less than 1%. Governmental activities rely heavily on the revenues coming from or passing through the student's district of residence, which are the Local Levy Equalization Aid State and Local Share and Categorical Aid, to fund general operations.

During fiscal year 2021, the Charter School's total expenses increased by \$1,391,541, increasing from \$7,873,583 in fiscal year 2020 to \$9,265,124 in fiscal year 2021. The net increase in total expenses resulted from increases in student and instruction related services of \$88,228 or 15%, school administrative services of \$62,350 or 14%, other administrative services of \$444,852 or 31%, plant operations of \$10,210 or 1%, employee benefits, which includes the activity related to GASB 68 and GASB 75, of \$860,161 or 52%, and interest on long-term debt of \$753 or 49%. These increases were offset with decreases in instruction (\$68,724) or (2%), and pupil transportation of (\$6,289) or (5%).

Table A-4
NET COST OF GOVERNMENTAL ACTIVITIES

	2021		2020	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Regular Instruction	\$ 1,969,165	\$ 1,623,283	\$ 2,120,470	\$ 1,839,494
Special Education Instruction	831,081	831,081	798,541	798,541
Bilingual Education Instruction	95,944	95,944	37,122	37,122
Before and After School Programs Instruction			16,027	16,027
Summer School Instruction	16,220	16,220	8,974	8,974
Support Services and Undistributed Costs:				
Student and Instruction Related Services	657,510	340,249	569,282	343,507
School Administrative Services	496,211	496,211	433,861	433,861
Other Administrative Services	1,869,522	1,869,522	1,424,670	1,424,670
Plant Operations and Maintenance	697,953	697,953	687,743	687,743
Pupil Transportation	127,317	127,317	133,606	133,606
Unallocated Benefits	2,501,917	744,463	1,641,756	460,576
Interest on Long-term Debt	2,284	2,284	1,531	1,531
Total Expenses	\$ 9,265,124	\$ 6,844,527	\$ 7,873,583	\$ 6,185,652

THE CHARTER SCHOOL'S FUNDS

Governmental Funds

As the Charter School completed the fiscal year, its governmental funds had a fund balance of \$706,656. At June 30, 2020, the fund balance was \$433,215.

General Fund - The general fund is the general operating fund of the Charter School and is used to account for the inflows and outflows its of financial resources. The acquisition of certain capital assets, such as equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures. At the end of the current fiscal year, the Charter School fund balance in the general fund was \$706,656.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021
(Unaudited)

THE CHARTER SCHOOL'S FUNDS (CONT'D)

Governmental Funds (Cont'd)

General Fund (Cont'd)

The primary factors affecting operations in the general fund were as follows:

- Total revenues (Table A-5) increased from fiscal year 2020 by \$289,066. The revenue sources primarily contributing to the increase were increases of State Sources for Charter School Aid (Local Levy Equalization Aid – State and Local Share and Categorical Aid) of \$134,057, TPAF Pension and Social Security \$196,411, and Federal Sources for SEMI Medicaid of \$1,388 offset by a decrease in Adjustment Aid of (\$42,755) and local sources (\$35).
- Total expenditures (Table A-6) increased from fiscal year 2020 by \$858,963. The expenditures contributing to the increase were increases for administrative services \$499,062, plant operations \$9,651, employee benefits \$204,768, the recognition of expenditures offsetting TPAF Pension and Social Security which increased \$196,411, debt services \$6,289 and capital outlay \$34,056; offset by decreases for instruction (\$81,727), student and instruction related services (\$3,258) and pupil transportation (\$6,289).

Table A-5
SUMMARY OF GENERAL FUND REVENUE

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Revenues:		
Local Sources:		
Unrestricted Miscellaneous Revenue	\$ 4,461	\$ 4,496
State Sources:		
Charter School Aid	5,569,111	5,435,054
Adjustment Aid	683,893	726,648
TPAF Pension and Social Security	947,016	750,605
Total State Sources	<u>7,200,020</u>	<u>6,912,307</u>
Federal Sources:		
SEMI Medicaid	<u>8,261</u>	<u>6,873</u>
Total Revenues	<u>\$ 7,212,742</u>	<u>\$ 6,923,676</u>

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021
(Unaudited)

THE CHARTER SCHOOL'S FUNDS (CONT'D)

Governmental Funds (Cont'd)

General Fund (Cont'd)

Table A-6
SUMMARY OF GENERAL FUND EXPENDITURES

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Regular Instruction	\$ 1,599,203	\$ 1,763,511
Special Education Instruction	831,081	798,541
Bilingual Education Instruction	95,944	37,122
Before and After School Programs Instruction		16,027
Summer School Instruction	16,220	8,974
Support Services and Undistributed Costs:		
Student and Instruction Related Services	340,249	343,507
School Administrative Services	482,833	428,293
Other Administrative Services	1,868,654	1,424,132
Plant Operations and Maintenance	695,927	686,276
Pupil Transportation	127,317	133,606
Unallocated Benefits	611,863	407,095
TPAF Pension and Social Security	947,016	750,605
Debt Service	20,199	13,910
Capital Outlay	34,056	
	<u>\$ 7,670,562</u>	<u>\$ 6,811,599</u>
Total General Fund Expenditures	<u>\$ 7,670,562</u>	<u>\$ 6,811,599</u>

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources, such as state or federal government grants, that are restricted or committed to expenditure for specified purposes other than debt or capital projects. Fiscal year 2021 activity resulted from the Charter School administering and operating programs funded by the following federal awards: Title I Grants to Local Educational Agencies including reallocated and SIA, Supporting Effective Instruction State Grants (Title II), Student Support & Academic Enrichment Grant (Title IV), Special Education Grants to States (I.D.E.A. Basic and Preschool), Education Stabilization fund CARES Emergency Relief Grant, Coronavirus Relief Fund School Re-opening and Remote Learning Grant and Small Rural School Achievement Program (SRSA REAP). Total revenues equal to total expenditures were \$677,634 from these programs. In the previous fiscal year, these were \$517,454.

General Fund Budgetary Highlights

The final budgetary basis revenue estimate was \$6,265,728, a decrease of (\$339,276) from the original budget estimate of \$6,605,004. Total budgeted revenues realized equaled \$7,212,742, which was \$947,014 in excess of the final budget estimate. This excess was as a result the recognition of revenues for TPAF Pension and Social Security, which were not budgeted. In addition, the final budgetary basis revenue estimate includes the forgiveness of the loan under the Paycheck Protection Program which is presented in Special Items for \$704,994.

The final budgetary basis expenditure appropriation estimate was \$6,697,486, which is an increase of \$214,761 from the original budget estimate of \$6,482,725. Actual expenditures of \$7,670,562 were in excess of the final budget estimate by \$973,076. This excess was primarily the result of the recognition of expenditures for TPAF Pension and Social Security \$947,016 and for a capital lease recorded in capital outlay of \$26,267 which were not budgeted.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021
(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Charter School's capital asset balance for its governmental activities as of June 30, 2021 amounted to a historical cost of \$172,417 or \$58,043 net of accumulated depreciation (see Table A-7). This balance of capital assets includes equipment. Net capital assets increased by \$9,925 in fiscal year 2021 from fiscal year 2020 from acquisitions of \$36,848 that included a new capital lease offset by depreciation expense on existing capital assets for (\$26,923).

Table A-7
CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)
As of June 30, 2021 and 2020

	Governmental Activities	
	<u>2021</u>	<u>2020</u>
Equipment	\$ 172,417	\$ 135,569
Less Accumulated Depreciation	(114,374)	(87,451)
Net Capital Assets	<u>\$ 58,043</u>	<u>\$ 48,118</u>

Long-Term Debt

Capital Lease. At the end of the current fiscal year, the Charter School had capital leases of \$34,416 outstanding. This balance resulted from an increase for a new lease \$26,267 offset by payments of (\$17,589). The balance for this capital lease in the prior year was \$25,738.

Compensated Absences. At the end of the current fiscal year, the Charter School had a \$144,544 liability for compensated absences, a net increase of \$16,527 from the prior fiscal year balance of \$128,017. This liability represents the Charter School's contractual obligation to compensate employees for accumulated unused paid time off.

Paycheck Protection Program Loan. During the fiscal year ended June 30, 2020, the Charter School obtained a loan for \$704,994 under the Paycheck Protection Program (PPP), established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), and administered by the Small Business Administration. The PPP loan was designed to provide a direct incentive for qualifying businesses to keep their workers on the payroll during the global health emergency that resulted from COVID-19 and is forgivable if the borrower uses the loan proceeds for eligible expenses. On January 12, 2021, the SBA remitted \$704,994 principal and \$5,072 interest to Fulton Bank in forgiveness of the debt thus satisfying the balance of the loan.

Net Pension Liability. At the end of the current fiscal year, the Charter School had a \$629,294 liability for its proportionate share of the net pension liability in the Public Employees' Retirement System. This is a net increase of \$377,922 from the prior fiscal year balance of \$251,372.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021
(Unaudited)

THE FUTURE OUTLOOK

The Charter School maintained its budget through the revenues that flow through students' district of residence, and state and federal grants.

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

The Charter School seeks to maintain its enrollment for the 2021-22 fiscal year.

CONTACTING THE CHARTER SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our parents, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have any questions about this report or need additional information, contact Donella Edwards, Board Secretary, at Atlantic Community Charter School, Inc., 112 S New York Road, Galloway, New Jersey 08205.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Statement of Net Position
June 30, 2021

	Governmental Activities
ASSETS:	
Cash and Cash Equivalents	\$ 1,478,794
Accounts Receivable, net (Note 3)	316,739
Prepaid Expenses	3,619
Restricted Assets:	
Restricted Cash and Cash Equivalents	7,153
Capital Assets, net (Note 5)	58,043
Total Assets	1,864,348
DEFERRED OUTFLOWS OF RESOURCES:	
Related to Penions (Note 8)	813,300
LIABILITIES:	
Accounts Payable and Accrued Expenses:	
Related to Pensions	68,706
Other	1,062,337
Accrued Interest Payable	718
Payable to Local Government	32,035
Unearned Revenue	1,658
Noncurrent Liabilities (Note 6):	
Due within One Year	164,144
Due beyond One Year	644,110
Total Liabilities	1,973,708
DEFERRED INFLOWS OF RESOURCES:	
Related to Penions (Note 8)	450,872
NET POSITION:	
Net Investment in Capital Assets	23,627
Unrestricted	229,441
Total Net Position	\$ 253,068

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Statement of Activities
For the Fiscal Year Ended June 30, 2021

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities:						
Regular Instruction	\$ 1,969,165		\$ 343,090	\$ 2,792	\$ (1,623,283)	\$ (1,623,283)
Special Education Instruction	831,081				(831,081)	(831,081)
Bilingual Education Instruction	95,944				(95,944)	(95,944)
Summer School Instruction	16,220				(16,220)	(16,220)
Support Services and Undistributed Costs:						
Student and Instruction Related Services	657,510		317,261		(340,249)	(340,249)
School Administrative Services	496,211				(496,211)	(496,211)
Other Administrative Services	1,869,522				(1,869,522)	(1,869,522)
Plant Operations and Maintenance	697,953				(697,953)	(697,953)
Pupil Transportation	127,317				(127,317)	(127,317)
Unallocated Benefits	2,501,917		1,757,454		(744,463)	(744,463)
Interest on Long-term Debt	2,284				(2,284)	(2,284)
Total Governmental Activities	9,265,124		2,417,805	2,792	(6,844,527)	(6,844,527)
Total Government	\$ 9,265,124	\$ -	\$ 2,417,805	\$ 2,792	(6,844,527)	(6,844,527)
General Revenues:						
Charter School Aid					5,569,111	5,569,111
State and Federal Aid - Not Restricted					692,154	692,154
Miscellaneous Income					4,461	4,461
Special Item:						
Paycheck Protection Program Loan Forgiveness					704,994	704,994
Total General Revenues and Special Items					6,970,720	6,970,720
Change in Net Position					126,193	126,193
Net Position -- July 1					126,875	126,875
Net Position -- June 30					\$ 253,068	\$ 253,068

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

FUND FINANCIAL STATEMENTS

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Governmental Funds
 Balance Sheet
 June 30, 2021

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$ 1,485,947		\$ 1,485,947
Interfund Accounts Receivable:			
Special Revenue Fund	162,626		162,626
Accounts Receivable:			
Other	6,658		6,658
Intergovernmental Accounts Receivable:			
State - Social Security Reimbursements	23,614		23,614
State - Unemployment	2,532		2,532
Federal		\$ 167,110	167,110
Other LEAs - State Aid	116,825		116,825
Total Assets	\$ 1,798,202	\$ 167,110	\$ 1,965,312
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 605,844	\$ 2,826	\$ 608,670
Accrued Expenses	85,285		85,285
Accrued Salaries and Wages	356,740		356,740
Payroll Deductions and Withholdings	1,967		1,967
Unemployment Compensation Claims Payable	9,675		9,675
Unearned Revenue		1,658	1,658
Interfund Accounts Payable			
General Fund		162,626	162,626
Intergovernmental Accounts Payable:			
Other LEA - State Aid	32,035		32,035
Total Liabilities	1,091,546	167,110	1,258,656
Fund Balances:			
Unassigned:			
General Fund	706,656		706,656
Total Fund Balances	706,656		706,656
Total Liabilities and Fund Balances	\$ 1,798,202	\$ 167,110	

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

Payments made to vendors for services that will benefit periods beyond fiscal year end that are recorded as expenditures at the time of payment in the governmental funds.	3,619
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$172,417 and the accumulated depreciation is \$114,374.	58,043
Accrued interest payable is not due and payable in the current period and therefore is not reported as liabilities in the funds.	(718)
Deferred outflows of resources related to pensions	813,300
Deferred inflows of resources related to pensions	(450,872)
Accounts payable related to the April 1, 2022 required PERS pension contribution that is not to be liquidated with current financial resources	(68,706)
Noncurrent liabilities, including capital leases, compensated absences and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(808,254)
	\$ 253,068

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Governmental Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES:			
Local Sources	\$ 4,461		\$ 4,461
State Sources	7,200,020		7,200,020
Federal Sources	8,261	\$ 677,634	685,895
Total Revenues	7,212,742	677,634	7,890,376
EXPENDITURES:			
Regular Instruction	1,599,203	343,090	1,942,293
Special Education Instruction	831,081		831,081
Bilingual Education Instruction	95,944		95,944
Summer School Instruction	16,220		16,220
Support Services and Undistributed Costs:			
Student and Instruction Related Services	340,249	317,261	657,510
School Administrative Services	482,833		482,833
Other Administrative Services	1,868,654		1,868,654
Plant Operations and Maintenance	695,927		695,927
Pupil Transportation	127,317		127,317
Unallocated Benefits	611,863	14,491	626,354
TPAF Pension and Social Security	947,016		947,016
Debt Service:			
Capital Lease Principal	17,589		17,589
Capital Lease Interest	2,610		2,610
Capital Outlay	34,056	2,792	36,848
Total Expenditures	7,670,562	677,634	8,348,196
Excess (Deficiency) of Revenues over Expenditures	(457,820)		(457,820)
OTHER FINANCING SOURCES (USES):			
Assets Acquired by Capital Lease	26,267		26,267
Total Other Financing Sources and Uses	26,267		26,267
SPECIAL ITEMS:			
Paycheck Protection Program Loan Forgiveness	704,994		704,994
Total Special Items	704,994		704,994
Net Change in Fund Balances	273,441		273,441
Fund Balance -- July 1	433,215		433,215
Fund Balance -- June 30	\$ 706,656	\$ -	\$ 706,656

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2021

Total Net Change in Fund Balances - Governmental Funds	\$	273,441
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$	(26,923)
Capital Outlays		<u>36,848</u>
		9,925
<p>Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		17,589
<p>Proceeds from the issuance of debt is an increase to fund balance in the government funds, but the receipt increases long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		(26,267)
<p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an decrease in the reconciliation. (-)</p>		
		326
<p>In the statement of activities, certain operating expenses, (e.g., compensated absences; insurance) 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 (+).</p>		
		(17,395)
<p>Governmental funds report Charter School pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the Charter School's pension contributions in the current period.</p>		
		<u>(131,426)</u>
Change in Net Position of Governmental Activities	\$	<u>126,193</u>

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of the Financial Reporting Entity

The Charter School is a K-8 charter school located in the County of Atlantic, State of New Jersey. The original approval of its New Jersey Charter School Application by the State of New Jersey, Department of Education was on January 18, 2011. As a charter school, the Atlantic Community Charter School, Inc. functions independently through a Board of Trustees (the "Board"). In accordance with the bylaws of the Charter School, the Board is to consist of seven members. All Board members are elected at the annual meeting of the Board and serve a term of three years. Trustees may be elected to serve for successive three-year terms. The executive officers of the Charter School shall be chosen by the Board and shall be a Chairman/President, Vice Chairman/Vice President, Secretary, Treasurer and other officers and assistant officers as needed. The Chairman/President and the Secretary shall be a natural person of full age; however, the Treasurer may be a Corporation, but if a natural person, shall be of full age. Officers shall hold their offices for a term of one year and need not be trustees and any number of offices may be held by the same person. The Board's responsibility is to supervise and control the operations of the Charter School. The purpose of the Charter School is to educate students in grades K through 8th grade at its one school. The Charter School has an approximate enrollment at June 30, 2021 of 352.

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

Government-wide and Fund Financial Statements

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Government-wide and Fund Financial Statements (Cont'd)**

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

The Charter School reports the following major governmental funds:

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

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

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

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

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

The Charter School reports the following major governmental funds (Cont'd):

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

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

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the Charter School's own programs. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The Charter School does not maintain a fiduciary fund.

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

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

Budgets / Budgetary Control

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Budgets / Budgetary Control (Cont'd)**

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

Encumbrances

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

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

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

Cash, Cash Equivalents and Investments

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

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

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

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

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

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

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

Tuition Receivable

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

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

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

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

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

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2021. The Charter School had prepaid expenses for the fiscal year ended June 30, 2021 of \$3,619.

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

Short-Term Interfund Receivables / Payables

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Capital Assets**

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

The Charter School's capitalization threshold is \$2,000. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Equipment	5 - 10 Years

The Charter School does not possess any infrastructure assets.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

Unearned Revenue

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

Accrued Salaries and Wages

Certain Charter School employees who provide services to the Charter School over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2021, the Charter School's liability for these earned but undisbursed amounts and the associated employer tax liability was \$356,740 and have subsequently been disbursed to the individual employees' financial institution.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Compensated Absences**

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

The Charter School uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Accrued Liabilities and Long-Term Obligations

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

Net Position

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

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

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

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

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

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

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

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

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

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

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

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

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

Interfund Activity

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Accounting Estimates**

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

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

The Charter School implemented the following GASB Statement for the fiscal year ended June 30, 2021:

Statement No. 84, *Fiduciary Activities*. The primary objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

Because of the implementation of Statement No. 84, the Charter School has determined that certain activities that were previously reported in the fiduciary fund now meet the criteria for reporting as governmental activities.

Recently Issued Accounting Pronouncements

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

Note 2: CASH AND CASH EQUIVALENTS

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

As of June 30, 2021, the Charter School's bank balances of \$1,523,848 were insured.

Note 3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2021 consisted of intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

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

<u>Description</u>	<u>Governmental Funds</u>		<u>Total Governmental Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	
Intergovernmental Accounts Receivable:			
Federal Awards		\$ 167,110	\$ 167,110
State Awards	\$ 26,146		26,146
Local Awards	116,825		116,825
Accounts Receivable - Other	6,658		6,658
	<u>\$ 149,629</u>	<u>\$ 167,110</u>	<u>\$ 316,739</u>

Note 4: INVENTORY

At June 30, 2021, the Charter School did not maintain any inventory.

Note 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021 is as follows:

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>
Governmental Activities:				
Capital Assets, being Depreciated:				
Equipment	\$ 135,569	\$ 36,848		\$ 172,417
Total Capital Assets, being Depreciated	<u>135,569</u>	<u>36,848</u>		<u>172,417</u>
Total Capital Assets, Cost	<u>135,569</u>	<u>36,848</u>		<u>172,417</u>
Less Accumulated Depreciation for:				
Equipment	(87,451)	(26,923)		(114,374)
Total Accumulated Depreciation	<u>(87,451)</u>	<u>(26,923)</u>		<u>(114,374)</u>
Total Capital Assets, being Depreciated, Net	<u>48,118</u>	<u>9,925</u>		<u>58,043</u>
Governmental Activities Capital Assets, Net	<u>\$ 48,118</u>	<u>\$ 9,925</u>	<u>\$ -</u>	<u>\$ 58,043</u>

Note 5: CAPITAL ASSETS (CONT'D)

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

Governmental Activities:	
Instruction	\$ 24,897
Support Services	<u>2,026</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 26,923</u>

Note 6: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2021, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Due within</u> <u>One Year</u>
Governmental Activities:					
Other Liabilities:					
Net Pension Liability	\$ 251,372	\$ 1,253,401	\$ (875,479)	\$ 629,294	
Paycheck Protection Program Loan	704,994		(704,994)		
Obligations Under Capital Lease	25,738	26,267	(17,589)	34,416	\$ 19,600
Compensated Absences	<u>128,017</u>	<u>48,347</u>	<u>(31,820)</u>	<u>144,544</u>	<u>144,544</u>
	<u>\$ 1,110,121</u>	<u>\$ 1,328,015</u>	<u>\$ (1,629,882)</u>	<u>\$ 808,254</u>	<u>\$ 164,144</u>

The obligations under capital lease, compensated absences, and net pension liability are liquidated by the general fund.

Paycheck Protection Program Loan ("PPP") Forgiveness – On April 8, 2020, the Board of Trustees authorized application for a \$704,994 loan under the Paycheck Protection Program (PPP) established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), and administered by the Small Business Administration (SBA). The PPP loan was designed to provide a direct incentive for qualifying businesses to keep their workers on the payroll during the global health emergency that resulted from COVID-19. The loan was forgivable if the borrower uses the loan proceeds for eligible expenses. The provisions of the PPP Flexibility Act of 2020 supersede the original loan agreement and allows for the payment of principal and interest to be deferred until the date on which the amount of forgiveness is remitted to the lender by the SBA or the SBA notifies the lender that no loan forgiveness is allowed. On January 12, 2021, the Charter School's loan forgiveness application to Fulton Bank was approved and the SBA remitted principal of \$704,994 and interest of \$5,072 to Fulton Bank in forgiveness of the debt thus satisfying the balance of the loan. For the Fiscal Year Ended June 20, 2021, the Charter School has recognized a special item for \$704,994 in the general fund on the Statement of Revenues, Expenditures and Changes in Fund Balances and a special item on the Statement of Activities in the Government-wide Financial Statements.

Obligations under Capital Lease - The Charter School is leasing laptops, Chromebooks, carts and smart televisions with a total cost of \$77,038 under capital leases. The capital leases are for terms of four to five years. The capital leases are depreciated in a manner consistent with the Charter School's depreciation policy for owned assets.

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

Obligations under Capital Lease (Cont'd) - The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2021.

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 19,600	\$ 1,804	\$ 21,404
2023	6,639	592	7,231
2024	6,980	251	7,231
2025	1,197	8	1,205
Total	<u>\$ 34,416</u>	<u>\$ 2,655</u>	<u>\$ 37,071</u>

Compensated Absences - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 12 for a description of the Charter School's policy.

Net Pension Liability - For details on the net pension liability, refer to note 8. The Charter School's annual required contribution to the Public Employees' Retirement System is budgeted and paid from the general fund on an annual basis.

Note 7: OPERATING LEASES

At June 30, 2021, the Charter School had operating lease agreements in effect for copy machines, postage machines, a timeclock and school buildings.

On February 21, 2019 and as subsequently amended, the Charter School entered into a lease agreement with Galloway Education, LLC ("Landlord"). Under this agreement, the Landlord acquired the Charter School's existing leased school facility at 112 South New York Road, and acquired, renovate and outfitted an additional facility at 110 South New York Road, both in Galloway Township, New Jersey. Based on the Landlord's cost of acquisition and renovations, a schedule of annual lease payments, payable monthly, began on March 15, 2019.

The initial lease period is through June 30, 2023 and the agreement includes five additional automatic renewal lease periods of five years each. The present value of the future minimum rental payments under this operating lease agreement for the initial lease period, the first five-year automatic renewal lease period and the subsequent four additional five-year renewal periods are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
Initial Lease Period:	
2022	\$ 336,884
2023	656,374
First Five-Year Renewal Period:	
2024	717,313
2025	719,047
2026	715,531
2027	715,812
2028	694,969
Up to Four Additional Five Year Renewal Periods	6,507,187

Note 7: OPERATING LEASES (CONT'D)

The present value of the future minimum rental payments under the Charter School's other operating lease agreements are as follows:

Fiscal Year	Amount
<u>Ending June 30,</u>	
2022	\$ 825
2023	825
2024	825
2025	825
2026	825
	<hr/>
	\$ 4,125
	<hr/>

Rental payments under operating leases for the fiscal year ended June 30, 2021 were \$424,877.03.

Note 8: PENSION PLANS

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

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

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

General Information about the Pension Plans**Plan Descriptions**

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

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Plan Descriptions (Cont'd)**

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

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000 annually.

Vesting and Benefit Provisions

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

The following represents the membership tiers for TPAF:

Tier Definition

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

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

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Teachers' Pension and Annuity Fund (Cont'd) - Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

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

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

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

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2020. The State's contribution is based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

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

Note 8: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

Teachers' Pension and Annuity Fund (Cont'd) - The Charter School's contractually required contribution rate for the fiscal year ended June 30, 2021 was 17.17% of the Charter School's covered payroll, of which 0.00% of payroll was required from the Charter School and 100% of payroll was required from the State of New Jersey. The Charter School was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2021 because of the 100% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2020, the State's contractually required contribution, on-behalf of the Charter School, to the pension plan for the fiscal year ended June 30, 2021 was \$422,465, and was paid by April 1, 2021. Charter School employee contributions to the plan during the fiscal year ended June 30, 2021 were \$214,644.

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

The Charter School's contractually required contribution rate for the fiscal year ended June 30, 2021 was 13.87% of the Charter School's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2020, the Charter School's contractually required contribution to the pension plan for the fiscal year ended June 30, 2021 was \$42,215, and was paid by April 1, 2021. Charter School employee contributions to the plan during the fiscal year ended June 30, 2021 were \$41,202.

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

At June 30, 2021, the Charter School has no employees participating in this program.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions****Teachers' Pension and Annuity Fund**

Pension Liability - At June 30, 2021, the Charter School was not required to report a liability for its proportionate share of the net pension liability for TPAF because of the 100% special funding situation by the State of New Jersey.

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

Charter School's Proportionate Share of Net Pension Liability

State of New Jersey's Proportionate Share of Net Pension Liability associated with the Charter School	\$ 12,276,454
	<u>\$ 12,276,454</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. For the June 30, 2020 measurement date, the Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At the June 30, 2020 measurement date, the Charter School proportion was 0.00% due to the 100% special funding situation with the State of New Jersey; however, the State's proportionate share of the TPAF net pension liability associated with the Charter School was 0.0186433996%, which was an increase of 0.0042383477% from its proportion measured as of June 30, 2019.

Pension Expense - For the fiscal year ended June 30, 2021, the Charter School recognized \$763,402 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plan's June 30, 2020 measurement date.

Public Employees' Retirement System

Pension Liability - At June 30, 2021, the Charter School reported a liability of \$629,294 for its proportionate share of the net pension liability for PERS. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2020 measurement date, the Charter School's proportion was 0.0038589530%, which was an increase of 0.0024638750% from its proportion measured as of June 30, 2019.

Pension Expense - For the fiscal year ended June 30, 2021, the Charter School recognized pension expense of \$173,642, in the government-wide financial statements. This pension expense was based on the pension plan's June 30, 2020 measurement date.

Note 8: PENSION PLANS (CONT'D)Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Public Employees' Retirement System (Cont'd)

Deferred Outflows and Inflows of Resources - At June 30, 2021, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 11,458	\$ 2,225
Changes of Assumptions	20,415	263,491
Net Difference between Projected and Actual Earnings on Pension Plan Investments	21,510	
Changes in Proportion and Differences between Charter School Contributions and Proportionate Share of Contributions	691,211	185,156
Charter School Contributions Subsequent to the Measurement Date	68,706	
	<u>\$ 813,300</u>	<u>\$ 450,872</u>

Deferred outflows of resources in the amount of \$68,706 will be included as a reduction of the net pension liability in the subsequent fiscal year, June 30, 2022. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	
2022	\$ 79,641
2023	67,576
2024	54,149
2025	78,754
2026	13,602
	<u>\$ 293,722</u>

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System (Cont'd)**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
Changes in Proportion and Differences between Charter School Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions**

The net pension liabilities were measured as of June 30, 2020 and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation as of July 1, 2019. The total pension liabilities were calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

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

⁽¹⁾ based on years of service

For TPAF, pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

For PERS, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at the June 30, 2020 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS' target asset allocation as of the June 30, 2020 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rea Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	<u>100.00%</u>	

Discount Rate -

Teachers' Pension and Annuity Fund - The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of the June 30, 2020 measurement date based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers would be based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)****Discount Rate (Cont'd) –**

Public Employees' Retirement System - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 2.21% as of the June 30, 2020 measurement date based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers would be based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

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

Teachers' Pension and Annuity Fund (TPAF) - As previously mentioned TPAF has a special funding situation where the State pays 100% of the Charter School's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2020, the Plan's measurement date, attributable to the Charter School is \$0.00. The following, however, presents the net pension liability of the State as of June 30, 2020 (Plan's measurement date), attributable to the Charter School, calculated using the discount rate of 5.40% as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	TPAF		
	1% Decrease (4.40%)	Current Discount Rate (5.40%)	1% Increase (6.40%)
Charter School's Proportionate Share of the Net Pension Liability			
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Charter School	\$ 14,420,133	\$ 12,276,454	\$ 10,496,488
	<u>\$ 14,420,133</u>	<u>\$ 12,276,454</u>	<u>\$ 10,496,488</u>

Note 8: PENSION PLANS (CONT'D)**Sensitivity of Charter School's Proportionate Share of Net Pension Liability to Changes in the Discount Rate (Cont'd)**

Public Employees' Retirement System (PERS) - The following presents the Charter School's proportionate share of the net pension liability at June 30, 2020, the Plan's measurement date, calculated using a discount rate of 7.00%, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Charter School's Proportionate Share of the Net Pension Liability	\$ 798,406	\$ 629,294	\$ 494,946

Pension Plan Fiduciary Net Position

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

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN****General Information about the OPEB Plan**

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

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

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

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****General Information about the OPEB Plan**

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

Employees Covered by Benefit Terms - At June 30, 2020, the OPEB Plan's measurement date, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted of the following members.

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	_____
	366,108

Total Non-Employer OPEB Liability

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

The State's proportionate share of the net OPEB liability associated with the Charter School as of June 30, 2021 was \$3,733,311. Since the OPEB liability associated with the Charter School is 100% attributable to the State, the OPEB liability will be referred to as the total non-employer OPEB liability.

The total non-employer OPEB liability was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. For the June 30, 2020 measurement date, the State's proportionate share of the non-employer OPEB liability associated with the Charter School was 0.0055055494%, which was an increase of 0.0018020147% from its proportion measured as of June 30, 2019.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

Actuarial Assumptions and Other Inputs - The actuarial assumptions and other inputs vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2019 used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases -

	<u>TPAF/ABP</u> *	<u>PERS</u> *	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 - 4.45%	2.00 - 6.00%	3.25 - 15.25% *
Thereafter	1.55 - 4.45%	3.00 - 7.00%	Applied to all Future Years

* based on service years

Inflation Rate - 2.50%.

Mortality Rates - Current and future retiree healthy mortality rates were based on the PUB-2010 Healthy classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

Disabled mortality was based on the PUB-2010 headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

Experience Studies - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, July 1, 2014 - June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF, PERS, and PFRS, respectively.

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate - The discount rate for June 30, 2020 measurement date was 2.21%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Changes in the Total Non-Employer OPEB Liability**

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

Balance at June 30, 2020		\$	1,545,451
Changes for the Year:			
Service Cost	\$	344,551	
Interest Cost		65,057	
Difference between Expected and Actual Experience		1,159,328	
Changes in Assumptions		681,948	
Member Contributions		1,970	
Gross Benefit Payments		<u>(64,994)</u>	
Net Changes			<u>2,187,860</u>
Balance at June 30, 2021		\$	<u>3,733,311</u>

There were no changes in benefit terms between the June 30, 2019 measurement date and the June 30, 2020 measurement date.

Differences between expected and actual experience reflect an increase in liability from June 30, 2019 to June 30, 2020 due to changes in the census, claims, and premiums experience.

Changes in assumptions reflect an increase in the liability from June 30, 2019 to June 30, 2020 is due to the combined effect of the decrease in the assumed discount rate from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020; and changes in the trend, repeal of the excise tax, and updated mortality improvement assumptions.

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2020, associated with the Charter School, using a discount rate of 2.21%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	1% Decrease <u>(1.21%)</u>	Current Discount Rate <u>(2.21%)</u>	1% Increase <u>(3.21%)</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Charter School	\$ 4,500,699	\$ 3,733,311	\$ 3,133,287

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Changes in the Total Non-Employer OPEB Liability (Cont'd)**

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Healthcare Cost Trend Rates - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2020, associated with the Charter School, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Charter School	\$ 3,013,655	\$ 3,733,311	\$ 4,590,262

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

OPEB Expense - For the fiscal year ended June 30, 2021, the Charter School recognized \$781,856 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB expense, associated with the Charter School. This expense and revenue was based on the OPEB Plan's June 30, 2020 measurement date.

Deferred Outflows and Inflows of Resources - In accordance with GASBS No. 75, the Charter School's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the Charter School; however, at June 30, 2021, the State's proportionate share of the total non-employer OPEB liability's deferred outflows of resources and deferred inflows of resources, associated with Charter School, from the following sources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$ 566,814	\$ 504,898
Changes of Assumptions	635,024	425,992
Changes in Proportion	2,518,694	
	<u>\$ 3,720,532</u>	<u>\$ 930,890</u>

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Total Non-Employer OPEB Liability (Cont'd)**

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

Fiscal Year Ending <u>June 30,</u>		
2022	\$	355,253
2023		355,253
2024		355,253
2025		355,253
2026		355,253
Thereafter		<u>1,013,377</u>
	\$	<u>2,789,642</u>

Note 10: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2021, the Charter School has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$559,867, \$10,652, \$178,792, and \$897, respectively.

Note 11: RISK MANAGEMENT

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

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

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

The following is a summary of the activity of the Charter School's private-purpose trust fund for the unemployment claims for the current and previous two fiscal years:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Charter</u> <u>School</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Income</u>	<u>Claims</u> <u>Incurred</u>	<u>Ending Balance</u>	
					<u>Claims</u> <u>Payable</u>	<u>Restricted</u> <u>Fund</u> <u>Balance</u>
2021		\$ 9,675	None		\$ 9,675	None
2020	\$ 41,607	7,011	None	\$ 48,618		None
2019	54,785	6,230	None	61,015		None

Note 12: COMPENSATED ABSENCES

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

Based on the position, Charter School employees are eligible for up to eleven sick days per fiscal school year. Unused sick time may be carried over; however not to exceed 150 days for full-time employees. Charter School employees (non-teaching staff) receive up to ten vacation days per year based on their position and years of employment. Vacation time may only be taken between the ending date of the school year and the start date of the following school year. Vacation time is not eligible to be carried forward.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2021, the liability for compensated absences reported on the government-wide statement of net position was \$144,544.

Note 13: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfunds - The composition of interfund balances as of June 30, 2021 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 162,626	
Special Revenue		\$ 162,626
	<u>\$ 162,626</u>	<u>\$ 162,626</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2022, the Charter School expects to liquidate such interfunds, depending upon the availability of cash flow.

There were no transfers during the fiscal year ended June 30, 2021.

Note 14: CONTINGENCIES

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

Note 15: CONCENTRATIONS

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

Note 16: FUND BALANCES**UNASSIGNED**

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

General Fund - As of June 30, 2021, \$706,656 of general fund balance was unassigned.

Note 17: SUBSEQUENT EVENTS

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

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Charter School's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Charter School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II
BUDGETARY COMPARISON SCHEDULES**

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES					
Local Sources:					
Unrestricted Miscellaneous Revenues		\$ 4,463	\$ 4,463	\$ 4,461	\$ (2)
Total - Local Sources		4,463	4,463	4,461	(2)
State Sources:					
Charter School Aid:					
Local Levy/Equalization Aid:					
State and Local Share	\$ 5,372,475	(245,323)	5,127,152	5,127,152	
Total - Local Levy/Equalization Aid	5,372,475	(245,323)	5,127,152	5,127,152	
Categorical Aid:					
Special Education Aid	265,335	(10,856)	254,479	254,479	
Security Aid	206,604	(19,124)	187,480	187,480	
Total Categorical Aid	471,939	(29,980)	441,959	441,959	
Total Charter School Aid	5,844,414	(275,303)	5,569,111	5,569,111	
Other State Sources:					
Adjustment Aid	741,958	(58,065)	683,893	683,893	
On-behalf Contributions:					
T.P.A.F. Post-Retirement Medical				178,792	178,792
Teacher's Pension and Annuity Fund				559,867	559,867
T.P.A.F. Long-Term Disability Insurance				897	897
T.P.A.F. Non-contributory Insurance				10,652	10,652
Reimbursed TPAF Social Security Contributions				196,808	196,808
Total - Other State Sources	741,958	(58,065)	683,893	1,630,909	947,016
Total - State Sources	6,586,372	(333,368)	6,253,004	7,200,020	947,016

(Continued)

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES (CONT'D)					
Federal Sources:					
Supplemental Medical Assistance Program (Medicaid)	\$ 18,632	\$ (10,583)	\$ 8,049	\$ 8,049	
CARES Act - Supplemental Medical Assistance Program (Medicaid)		212	212	212	
Total - Federal Sources	18,632	(10,371)	8,261	8,261	
Total Revenues	6,605,004	(339,276)	6,265,728	7,212,742	\$ 947,014
EXPENDITURES					
General Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	53,045	53,959	107,004	107,004	
Grades 1-5	1,104,994	(35,647)	1,069,347	1,069,347	
Grades 6-8	269,033	(68,963)	200,070	200,070	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	251,555	(141,259)	110,296	110,296	
Purchased Professional - Educational Services	67,200	(43,031)	24,169	24,169	
Other Purchased Services (400-500 series)	47,674	(17,252)	30,422	30,422	
General Supplies	45,120	(19,347)	25,773	25,773	
Textbooks	120,118	(67,797)	52,321	52,321	
Total Regular Programs - Instruction	1,958,739	(339,337)	1,619,402	1,619,402	
Special Education Instruction:					
Cognitive - Mild:					
Other Salaries for Instruction	168,608	(30,911)	137,697	137,697	
Purchased Professional - Educational Services	44,400	(12,465)	31,935	31,935	
General Supplies	20,000	(17,396)	2,604	2,604	
Total Cognitive - Mild	233,008	(60,772)	172,236	172,236	

(Continued)

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D)					
General Current Expense (Cont'd):					
Special Education Instruction (Cont'd):					
Learning and/or Language Disabilities:					
Salaries of Teachers	\$ 214,240	\$ (2,296)	\$ 211,944	\$ 211,944	
Total Learning and/or Language Disabilities	214,240	(2,296)	211,944	211,944	
Behavioral Disabilities:					
Salaries of Teachers	218,360	(43,231)	175,129	175,129	
Total Behavioral Disabilities	218,360	(43,231)	175,129	175,129	
Resource Room:					
Salaries of Teachers	236,843	34,929	271,772	271,772	
Total Resource Room	236,843	34,929	271,772	271,772	
Total Special Education - Instruction	902,451	(71,370)	831,081	831,081	
Bilingual Education - Instruction:					
Salaries of Teachers	105,606	(9,662)	95,944	95,944	
Total Bilingual Education - Instruction	105,606	(9,662)	95,944	95,944	
Summer School Instruction:					
Salaries of Teachers	6,300	(9)	6,291	6,291	
Other Salaries for Instruction	4,123	726	4,849	4,849	
Purchased Professional and Technical Services	5,950	(870)	5,080	5,080	
Supplies and Materials	500	(500)			
Total Summer School Instruction	16,873	(653)	16,220	16,220	
Total Instruction	2,983,669	(421,022)	2,562,647	2,562,647	

(Continued)

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<u>EXPENDITURES (CONT'D)</u>					
General Current Expense (Cont'd):					
Undistributed Expenditures - Attendance and Social Work:					
Salaries	\$ 130,851	\$ (1,565)	\$ 129,286	\$ 129,286	
Purchased Professional and Technical Services	31,000	(31,000)			
Total Undistributed Expenditures - Attendance and Social Work	161,851	(32,565)	129,286	129,286	
Undistributed Expenditures - Health Services:					
Salaries	128,033	(3,234)	124,799	124,799	
Purchased Professional Services	14,600	(7,803)	6,797	6,797	
General Supplies	2,500	(1,527)	973	973	
Total Undistributed Expenditures - Health Services	145,133	(12,564)	132,569	132,569	
Undistributed Expenditures - Speech, OT, PT and Related Services:					
Salaries	13,200	(6,016)	7,184	7,184	
Total Undistributed Expenditures -Speech, OT, PT and Related Services	13,200	(6,016)	7,184	7,184	
Undistributed Expenditures - Guidance Services:					
Salaries	36,050	(36,050)			
Supplies and Materials	1,000	(1,000)			
Total Undistributes Expenditures - Guidance Services	37,050	(37,050)			
Undistributed Expenditures - Child Study Teams:					
Salaries of Other Professional Staff	64,184	(2,434)	61,750	61,750	
Purchased Professional - Educational Services	4,000	4,460	8,460	8,460	
Total Undistributed Expenditures - Child Study Teams	68,184	2,026	70,210	70,210	
Undistributed Expenditures - Improvement of Instructional Services:					
Salaries of Other Professional Staff		1,000	1,000	1,000	
Total Undistributed Expenditures - Improvement of Instructional Services		1,000	1,000	1,000	

(Continued)

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<u>EXPENDITURES (CONT'D)</u>					
General Current Expense (Cont'd):					
Undistributed Expenditures - Instructional Staff Training Services:					
Purchased Professional Educational Services	\$ 14,500	\$ (14,500)			
Total Undistributed Expenditures - Instructional Staff Training Services	14,500	(14,500)			
Undistributed Expenditures - Support Services - General Administration:					
Legal Services	60,000	(22,913)	\$ 37,087	\$ 37,087	
Audit Services	25,750	750	26,500	26,500	
Other Purchased Professional Services	780,000	821,979	1,601,979	1,601,979	
Communications / Telephone	20,400	(4,505)	15,895	15,895	
Miscellaneous Purchased Services	163,250	(11,533)	151,717	151,717	
Total Undistributed Expenditures - Support Services - General Administration	1,049,400	783,778	1,833,178	1,833,178	
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals/ Program Directors	146,698	97,879	244,577	244,577	
Salaries of Other Professional Staff	131,565	1,587	133,152	133,152	
Salaries of Secretarial and Clerical Assistants	72,153	(1,714)	70,439	70,439	
Other Salaries	28,410	(18,172)	10,238	10,238	
Other Purchased Services	15,150	(5,327)	9,823	9,823	
Supplies and Materials	40,749	(26,145)	14,604	14,604	
Total Undistributed Expenditures - Support Services - School Administration	434,725	48,108	482,833	482,833	
Undistributed Expenditures - Central Services:					
Purchased Professional Services	41,200	(5,724)	35,476	35,476	
Total Undistributed Expenditures - Central Services	41,200	(5,724)	35,476	35,476	

(Continued)

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D)					
General Current Expense (Cont'd):					
Undistributed Expenditures - Custodial Services:					
Salaries	\$ 37,685	\$ 132	\$ 37,817	\$ 37,610	\$ 207
Cleaning, Repair and Maintenance Services	148,796	(36,937)	111,859	111,859	
Rental of Land and Buildings Other Than Lease Purchase	418,390	(203)	418,187	418,187	
Insurance	51,928	1,606	53,534	53,534	
General Supplies	15,000	(7,376)	7,624	7,624	
Energy - Natural Gas	13,375	(1,464)	11,911	11,911	
Energy - Electricity	55,200	(11,339)	43,861	43,861	
Total Undistributed Expenditures - Custodial Services	740,374	(55,581)	684,793	684,586	207
Undistributed Expenditures - Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	35,800	(24,459)	11,341	11,341	
Total Undistributed Expenditures - Care and Upkeep of Grounds	35,800	(24,459)	11,341	11,341	
Total Undistributed Expenditures - Operation and Maintenance of Plant	776,174	(80,040)	696,134	695,927	207
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	67,112	(36,525)	30,587	30,587	
Other Purchased Professional and Technical Services		385	385	385	
Contracted Services (Regular Education Students) - Vendors	149,810	(56,095)	93,715	93,715	
Contracted Services (Other than Between Home and School) - Vendors	12,500	(9,870)	2,630	2,630	
Total Undistributed Expenditures - Student Transportation Services	229,422	(102,105)	127,317	127,317	
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	57,847	(4,956)	52,891	52,891	
Unemployment Compensation	60,000	(14,171)	45,829	45,829	
Workers' Compensation	44,995	(2,906)	42,089	42,089	
Health Benefits	317,175	106,582	423,757	423,757	
Tuition Reimbursement	12,000	(12,000)			
Other Employee Benefits	36,200	11,097	47,297	47,297	
Total Unallocated Benefits - Employee Benefits	528,217	83,646	611,863	611,863	

(Continued)

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<u>EXPENDITURES (CONT'D)</u>					
Non-Budget Expenditures:					
On-behalf Contributions:					
T.P.A.F. Post-Retirement Medical				\$ 178,792	\$ (178,792)
Teacher's Pension and Annuity Fund				559,867	(559,867)
T.P.A.F. Long-Term Disability Insurance				897	(897)
T.P.A.F. Non-contributory Insurance				10,652	(10,652)
Reimbursed TPAF Social Security Contributions				196,808	(196,808)
Total On-behalf Contributions and Reimbursed TPAF Social Security Contributions				947,016	(947,016)
Total Undistributed Expenditures				\$ 3,499,056	\$ 627,994
Total General Current Expense				6,482,725	206,972
				6,689,697	7,636,506
				7,636,506	(946,809)
Capital Outlay:					
Equipment:					
Undistributed Expenditures - Non-Instruction		7,789	7,789	7,789	
Total Equipment				7,789	7,789
Assets Acquired Under Capital Lease (Non-Budgeted):					
HP Probook 450 Laptops				26,267	(26,267)
Total Assets Acquired Under Capital Lease (Non-Budgeted)				26,267	(26,267)
Total Capital Outlay				7,789	7,789
				34,056	(26,267)
Total Expenditures				6,482,725	214,761
				6,697,486	7,670,562
				7,670,562	(973,076)
Excess (Deficiency) of Revenues Over (Under) Expenditures				122,279	(554,037)
				(431,758)	(457,820)
				(457,820)	(26,062)
Other Financing Sources (Uses):					
Assets Acquired by Capital Lease				26,267	26,267
Total Other Financing Sources (Uses)				-	-
				26,267	26,267

(Continued)

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Special Items:					
Paycheck Protection Program Loan Forgiveness		\$ 704,994	\$ 704,994	\$ 704,994	
Total Special Items		704,994	704,994	704,994	
Excess (Deficiency) of Revenues Over (Under) Expenditures, Other Financing Sources (Uses) and Special Items	\$ 122,279	(554,037)	(431,758)	(431,553)	\$ 205
Fund Balances, July 1	433,215		433,215	433,215	
Fund Balances, June 30	\$ 555,494	\$ (554,037)	\$ 1,457	\$ 1,662	\$ 205
Recapitulation:					
Unassigned Fund Balance				<u>\$ 706,656</u>	

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Special Revenue Fund
Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Federal Sources:					
Title I Grants to Local Educational Agencies	\$ 297,736	\$ (47,592)	\$ 250,144	\$ 250,144	
Title I Grants to Local Educational Agencies - Reallocated	7,600	5,898	13,498	13,498	
Title I SIA	31,320	18,781	50,101	50,101	
Supporting Effective Instruction State Grants (Title II, Part A)	32,200	(10,083)	22,117	22,117	
Student Support & Academic Enrichment (Title IV)	12,000	2,684	14,684	14,684	
Special Education Grants to States (IDEA):					
Basic	80,000	19,753	99,753	99,753	
Preschool		1,953	1,953	1,953	
Education Stabilization Fund:					
CARES Emergency Relief Grant		163,439	163,439	163,439	
Coronavirus Relief Fund:					
School Re-opening and Remote Learning Grant		54,452	54,452	54,452	
Small Rural School Achievement Program (SRSA REAP)		7,493	7,493	7,493	
Total - Federal Sources	460,856	216,778	677,634	677,634	
Total Revenues	460,856	216,778	677,634	677,634	
EXPENDITURES:					
Instruction:					
Salaries of Teachers	141,200	(51,900)	89,300	89,300	
Other Salaries for Instruction	29,537	39,316	68,853	68,853	
Purchased Professional Educational Services	12,000	(3,889)	8,111	8,111	
Other Purchased Services	14,000	(2,656)	11,344	11,344	
Instructional Supplies	5,500	153,837	159,337	159,337	
Miscellaneous Expenses	10,851	(1,914)	8,937	8,937	
Total Instruction	213,088	132,794	345,882	345,882	
Support Services:					
Salaries of Other Professional Staff	58,163	36,438	94,601	94,601	
Personal Services - Employee Benefits	15,115	(624)	14,491	14,491	
Purchased Professional and Technical Services	154,415	11,255	165,670	165,670	
Other Purchased Services	7,000	12,895	19,895	19,895	
General Supplies	13,075	15,971	29,046	29,046	
Miscellaneous Expenditures		8,049	8,049	8,049	
Total Support Services	247,768	83,984	331,752	331,752	
Total Expenditures	460,856	216,778	677,634	677,634	
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

For the Fiscal Year Ended June 30, 2021

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

	General Fund	Special Revenue Fund
	<u> </u>	<u> </u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 7,212,742	\$ 677,634
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 7,212,742</u>	<u>\$ 677,634</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 7,670,562	\$ 677,634
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 7,670,562</u>	<u>\$ 677,634</u>

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

**SCHEDULES RELATED TO ACCOUNTING
AND REPORTING FOR PENSIONS**

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Required Supplementary Information
 Schedule of the Charter School's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System (PERS)
 Last Four Plan Years

	Measurement Date Ending June 30			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Charter School's Proportion of the Net Pension Liability	0.0038589530%	0.0013950780%	0.0027217883%	0.0009203435%
Charter School's Proportionate Share of the Net Pension Liability	\$ 629,294	\$ 251,372	\$ 535,907	\$ 214,241
Charter School's Covered Payroll (Plan Measurement Period)	307,204	99,136	191,144	21,252
Charter School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	204.85%	253.56%	280.37%	1008.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.60%	48.10%

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.

Required Supplementary Information
 Schedule of the Charter School's Contributions
 Public Employees' Retirement System (PERS)
 Last Five Fiscal Years

	Fiscal Year Ended June 30,				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contribution	\$ 68,706	\$ 42,215	\$ 13,570	\$ 27,073	\$ 8,526
Contributions in Relation to the Contractually Required Contribution	<u>(68,706)</u>	<u>(42,215)</u>	<u>(13,570)</u>	<u>(27,073)</u>	<u>(8,526)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's Covered Payroll (Fiscal Year)	\$ 495,192	\$ 362,990	\$ 251,417	\$ 116,805	\$ 133,412
Contributions as a Percentage of Charter School's Covered Payroll	13.87%	11.63%	5.40%	23.18%	6.39%

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Required Supplementary Information
 Schedule of the Charter School's Proportionate Share of the Net Pension Liability
 Teachers' Pension and Annuity Fund (TPAF)
 Last Three Plan Years

	Measurement Date Ending June 30,		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Charter School's Proportion of the Net Pension Liability	0%	0%	0%
State's Proportion of the Net Pension Liability Associated with the Charter School	<u>100%</u>	<u>100%</u>	<u>100%</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>
Charter School's Proportionate Share of the Net Pension Liability	-	-	-
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	<u>\$ 12,276,454</u>	<u>\$ 8,840,516</u>	<u>\$ 5,207,769</u>
	<u>\$ 12,276,454</u>	<u>\$ 8,840,516</u>	<u>\$ 5,207,769</u>
Charter School's Covered Payroll (Measurement Period)	\$ 1,916,288	\$ 1,965,612	\$ 1,413,308
Charter School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	-	-	-
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	640.64%	449.76%	368.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.60%	26.95%	26.49%

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Required Supplementary Information
Schedule of Charter School's Contributions
Teachers' Pension and Annuity Fund (TPAF)
Last Ten Fiscal Years

This schedule is not applicable.

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

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Notes to Required Supplementary Information - Part III
For the Fiscal Year Ended June 30, 2021

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms:

The June 30, 2020 measurement date included one change to the plan provisions. The Division of Pension and Benefits (DPB) adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions.

Changes in Assumptions:

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	5.40%	2016	3.22%
2019	5.60%	2015	4.13%
2018	4.86%	2014	4.68%
2017	4.25%		

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%
2017	7.00%		

The mortality assumption was updated upon direction from the DPB.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms:

The June 30, 2020 measurement date included two changes to the plan provisions. Chapter 157, P.L. 2019 expanded the definition of regular or assigned duties for purposes of accidental disability. The Division of Pension and Benefits (DPB) also adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions.

Changes in Assumptions:

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	3.98%
2019	6.28%	2015	4.90%
2018	5.66%	2014	5.39%
2017	5.00%		

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%
2017	7.00%		

The mortality assumption was updated upon direction from the DPB.

**REQUIRED SUPPLEMENTARY INFORMATION
PART IV**

**SCHEDULE RELATED TO ACCOUNTING AND
REPORTING FOR OTHER POSTEMPLOYMENT BENEFITS**

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Required Supplementary Information
 Schedule of Changes in the Charter School's Total OPEB Liability and Related Ratios
 Last Three Plan Years

	Measurement Date Ending June 30,		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the Charter School			
Changes for the Year:			
Service Cost	\$ 344,551	\$ 261,312	
Interest Cost	65,057	69,510	\$ (713)
Difference Between Expected and Actual Experience	1,159,328	(319,981)	1,777,269
Changes in Assumptions	681,948	23,043	(178,743)
Gross Benefit Payments	1,970	(47,441)	(41,650)
Member Contributions	(64,994)	1,406	1,439
Net Change in Total Non-Employer OPEB Liability	2,187,860	(12,151)	1,557,602
Total Non-Employer OPEB Liability - Beginning of Fiscal Year	1,545,451	1,557,602	
Total Non-Employer OPEB Liability - End of Fiscal Year	<u>\$ 3,733,311</u>	<u>\$ 1,545,451</u>	<u>\$ 1,557,602</u>
Charter School's Covered Payroll (Plan Measurement Period)	<u>\$ 2,361,869</u>	<u>\$ 2,098,790</u>	<u>\$ 1,901,869</u>
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Charter School as a Percentage of Covered Payroll	158.07%	73.64%	81.90%

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Notes to Required Supplementary Information - Part IV
For the Fiscal Year Ended June 30, 2021

Changes in Benefit Terms:

There were no changes in benefit terms from the previous valuations.

Changes in Assumptions:

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	2.21%	2018	3.87%
2019	3.50%	2017	3.58%

The mortality assumption was updated upon the direction from the Division of Pension and Benefits (DPB).

The health care trend assumption is used to project the growth of the expected claims over the lifetime of the health care recipients. Medical and prescription drug trend rates are determined by utilizing experience data, industry experience which includes surveys and Aon trend guidance. These rates are adjusted further to be appropriate with respect to the plan provisions. The ultimate trend for medical and prescription drug benefits was lowered from 5.0% to 4.5%. Recent plan experience along with national trend studies indicate a reduction on the expectations of future long-term medical and prescription drug experience. For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage rates for Plan Years 2019 through 2022 are reflected. For Plan Year 2023, the Medicare Advantage trend rate includes an assumed increase in the premiums based on recent experience and discussions with the Medicare Advantage vendor. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% decreasing to a 4.5% long-term trend rate after seven years.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2021

	Total	ESSA				I.D.E.A.		Total Brought Forward	
		Title I Grants to Local Educational Agencies	Title I Grants to Local Educational Agencies Reallocated	Title I Grants SIA	Supporting Effective Instruction State Grants (Title II, Part A)	Student Support & Academic Enrichment (Title IV)	Special Education Grants to States Basic		Preschool
REVENUES:									
Federal Sources	\$ 677,634	\$ 250,144	\$ 13,498	\$ 50,101	\$ 22,117	\$ 14,684	\$ 99,753	\$ 1,953	\$ 225,384
State Sources									
Local Sources									
Total Revenues	677,634	250,144	13,498	50,101	22,117	14,684	99,753	1,953	225,384
EXPENDITURES:									
Instruction:									
Salaries of Teachers	89,300	39,199		50,101					
Other Salaries for Instruction	68,853	68,853							
Purchased Professional Educational Services	8,111					8,111			
Other Purchased Services	11,344								11,344
Instructional Supplies	159,337	16,326							143,011
Miscellaneous Expenditures	8,937	8,937							
Total Instruction	345,882	133,315		50,101		8,111			154,355
Support Services:									
Salaries of Other Professional Staff	94,601	81,367							13,234
Personal Services - Employee Benefits	14,491	14,491							
Purchased Professional and Technical Services	165,670	18,990	13,498		22,117	6,573	99,753	1,953	2,786
Other Purchased Services	19,895	1,981							17,914
General Supplies	29,046								29,046
Miscellaneous Expenditures	8,049								8,049
Total Support Services	331,752	116,829	13,498		22,117	6,573	99,753	1,953	71,029
Total Expenditures	677,634	250,144	13,498	50,101	22,117	14,684	99,753	1,953	225,384
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-

(Continued)

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2021

	Total Carried Forward	Education Stabilization Fund: CARES Emergency Relief Grant	Coronavirus Relief Fund School Re-Opening And Remote Learning Grant	Small Rural School Achievement Program SRSA REAP
REVENUES:				
Federal Sources	\$ 225,384	\$ 163,439	\$ 54,452	\$ 7,493
Total Revenues	<u>225,384</u>	<u>163,439</u>	<u>54,452</u>	<u>7,493</u>
EXPENDITURES:				
Instruction:				
Other Purchased Services	11,344	6,500	4,844	
Instructional Supplies	<u>143,011</u>	<u>108,353</u>	<u>29,951</u>	<u>4,707</u>
Total Instruction	<u>154,355</u>	<u>114,853</u>	<u>34,795</u>	<u>4,707</u>
Support Services:				
Salaries of Other Professional Staff	13,234	6,509	6,725	
Purchased Professional and Technical Services	2,786			2,786
Other Purchased Services	17,914	12,544	5,370	
General Supplies	29,046	21,484	7,562	
Miscellaneous Expenditures	<u>8,049</u>	<u>8,049</u>		
Total Support Services	<u>71,029</u>	<u>48,586</u>	<u>19,657</u>	<u>2,786</u>
Total Expenditures	<u>225,384</u>	<u>163,439</u>	<u>54,452</u>	<u>7,493</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

LONG-TERM DEBT

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Schedule of Obligation Under Capital Lease
 For the Fiscal Year Ended June 30, 2021

<u>Lease</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>		<u>Balance June 30, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2021</u>
				<u>Principal</u>	<u>Interest</u>				
Chromebooks, Carts and Smart Televisions	7/1/2018	4 Years	5.350%	\$ 50,771	\$ 5,921	\$ 25,738		\$ 12,453	\$ 13,285
HP Probook Laptops	7/1/2020	48 Months		26,267	2,656		\$ 26,267	5,136	21,131
						<u>\$ 25,738</u>	<u>\$ 26,267</u>	<u>\$ 17,589</u>	<u>\$ 34,416</u>

STATISTICAL SECTION

FINANCIAL TRENDS INFORMATION

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Net Position by Component
 Last Seven Fiscal Years (accrual basis of accounting)
 Unaudited

	Fiscal Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015 (1)
Governmental Activities							
Net Investment in Capital Assets	\$ 23,627	\$ 22,380	\$ 37,430	\$ 33,081	\$ 48,726	\$ 63,288	\$ 16,990
Unrestricted	229,441	104,495	102,026	114,249	113,707	35,636	(2,758)
Total Governmental Activities Net Position	<u>\$ 253,068</u>	<u>\$ 126,875</u>	<u>\$ 139,456</u>	<u>\$ 147,330</u>	<u>\$ 162,433</u>	<u>\$ 98,924</u>	<u>\$ 14,232</u>
Government-wide							
Net Investment in Capital Assets	\$ 23,627	\$ 22,380	\$ 37,430	\$ 33,081	\$ 48,726	\$ 63,288	\$ 16,990
Unrestricted	229,441	104,495	102,026	114,249	113,707	35,636	(2,758)
Total Government-wide Net Position	<u>\$ 253,068</u>	<u>\$ 126,875</u>	<u>\$ 139,456</u>	<u>\$ 147,330</u>	<u>\$ 162,433</u>	<u>\$ 98,924</u>	<u>\$ 14,232</u>

Source: Charter School's Records

(1) For 2015, the operating period is January 1, 2014 - June 30, 2015.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Changes in Net Position
 Last Seven Fiscal Years (accrual basis of accounting)
 Unaudited

	Fiscal Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015 (1)(2)
Expenses							
Governmental Activities							
Instruction							\$ 1,165,955
Administration							646,584
Support Services							956,934
Regular Instruction	\$ 1,969,165	\$ 2,120,470	\$ 1,976,547	\$ 2,105,747	\$ 1,462,225	\$ 1,319,616	
Special Education Instruction	831,081	798,541	757,807	440,649	344,073		
Bilingual Education Instruction	95,944	37,122	52,530	53,000	30,362		
Before and After School Programs Instruction		16,027	1,738		51,000		
Summer School Instruction	16,220	8,974					
Support Services and Undistributed Costs:							
Student and Instruction Related Services	657,510	569,282	440,643	409,292	267,535	87,994	
School Administrative Services	496,211	433,861	417,259	424,984	471,835	321,459	
Other Administrative Services	1,869,522	1,424,670	1,719,547	1,716,414	1,242,024	331,548	
Plant Operations and Maintenance	697,953	667,743	737,612	682,007	585,200	309,088	
Pupil Transportation	127,317	133,606	121,106	183,174	108,108	125,193	
Unallocated Benefits	2,501,917	1,641,756	1,164,090	514,119	382,708	242,009	
Interest on Long-term Debt	2,284	1,531	2,301				
Total Governmental Activities Expenses	<u>9,265,124</u>	<u>7,873,583</u>	<u>7,391,180</u>	<u>6,529,386</u>	<u>4,945,070</u>	<u>2,736,907</u>	<u>2,769,473</u>
Total Government-wide Expenses	<u>\$ 9,265,124</u>	<u>\$ 7,873,583</u>	<u>\$ 7,391,180</u>	<u>\$ 6,529,386</u>	<u>\$ 4,945,070</u>	<u>\$ 2,736,907</u>	<u>\$ 2,769,473</u>
Program Revenues							
Governmental Activities:							
Operating Grants and Contributions	\$ 2,417,805	\$ 1,687,931	\$ 1,082,537	\$ 540,132	\$ 369,626	\$ 389,021	\$ 359,327
Capital Grants and Contributions	2,792		2,027			49,128	8,779
Total Governmental Activities Program Revenues	<u>2,420,597</u>	<u>1,687,931</u>	<u>1,084,564</u>	<u>540,132</u>	<u>369,626</u>	<u>438,149</u>	<u>368,106</u>
Total Governmental-wide Program Revenues	<u>\$ 2,420,597</u>	<u>\$ 1,687,931</u>	<u>\$ 1,084,564</u>	<u>\$ 540,132</u>	<u>\$ 369,626</u>	<u>\$ 438,149</u>	<u>\$ 368,106</u>
Net (Expense)/Revenue							
Governmental Activities	<u>\$ 6,844,527</u>	<u>\$ 6,185,652</u>	<u>\$ 6,306,616</u>	<u>\$ 5,989,254</u>	<u>\$ 4,575,444</u>	<u>\$ 2,298,758</u>	<u>\$ 2,401,367</u>
Total Government-Wide Net Expense	<u>\$ 6,844,527</u>	<u>\$ 6,185,652</u>	<u>\$ 6,306,616</u>	<u>\$ 5,989,254</u>	<u>\$ 4,575,444</u>	<u>\$ 2,298,758</u>	<u>\$ 2,401,367</u>
General Revenues and Other Changes in Net Position							
Governmental Activities:							
Charter School Aid	\$ 5,569,111	\$ 5,435,054	\$ 5,330,558	\$ 5,499,386	\$ 4,285,952	\$ 2,352,423	\$ 2,358,258
State and Federal Aid - Not Restricted	692,154	733,521	952,800	471,996	405,995		
Miscellaneous Income	4,461	4,496	15,384	4,352	6	31,027	57,341
Special Item - PPP Loan Forgiveness	704,994						
Loss on Disposal of Capital Assets				(1,583)			
Total Governmental Activities	<u>6,970,720</u>	<u>6,173,071</u>	<u>6,298,742</u>	<u>5,974,151</u>	<u>4,691,953</u>	<u>2,383,450</u>	<u>2,415,599</u>
Total Government-wide	<u>\$ 6,970,720</u>	<u>\$ 6,173,071</u>	<u>\$ 6,298,742</u>	<u>\$ 5,974,151</u>	<u>\$ 4,691,953</u>	<u>\$ 2,383,450</u>	<u>\$ 2,415,599</u>
Change in Net Position							
Governmental Activities	<u>\$ 126,193</u>	<u>\$ (12,581)</u>	<u>\$ (7,874)</u>	<u>\$ (15,103)</u>	<u>\$ 116,509</u>	<u>\$ 84,692</u>	<u>\$ 14,232</u>

Source: Charter School's Records

- (1) Prior to the fiscal year ended June 30, 2016, the Charter School reported expenses in three functions: Instruction, Administration and Support Services.
- (2) For 2015, the operating period is January 1, 2014 - June 30, 2015.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Fund Balances - Governmental Funds
 Last Seven Fiscal Years (modified accrual basis of accounting)
 Unaudited

	Fiscal Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015 (1)
General Fund							
Committed	None	None	None	None	None	None	None
Assigned	None	None	None	None	None	None	None
Unassigned	\$ 706,656	\$ 433,215	\$ 321,138	\$ 178,725	\$ 129,629	\$ 35,632	None
All Other Governmental Funds	None	None	None	None	None	None	None
Total All Other Governmental Funds	None	None	None	None	None	None	None

Source: Charter School's Records

(1) For 2015, the operating period is January 1, 2014 - June 30, 2015.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Changes in Fund Balances, Governmental Funds
 Last Seven Fiscal Years (modified accrual basis of accounting)
 Unaudited

	Fiscal Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015 (1)(2)
Revenues							
Local Sources	\$ 4,461	\$ 4,496	\$ 15,384	\$ 4,352	\$ 6	\$ 31,027	\$ 57,341
State Sources	7,200,020	6,912,307	6,874,362	6,317,774	4,780,749	2,418,881	2,422,294
Federal Sources	685,895	524,327	392,448	317,217	280,824	371,691	304,070
Total Revenue	7,890,376	7,441,130	7,282,194	6,639,343	5,061,579	2,821,599	2,783,705
Expenditures							
Instruction							1,163,755
Administration							579,126
Support Services							948,205
Regular Instruction	1,942,293	2,044,487	1,932,279	2,096,490	1,442,355	1,308,603	
Special Education Instruction	831,081	798,541	757,807	435,268	344,073		
Basic Skills Remedial Instruction					53,000		
Bilingual Education Instruction	95,944	37,122	52,530	53,000	30,362		
Before and After School Programs Instruction		16,027	1,738		51,000		
Summer School Instruction	16,220	8,974					
Support Services and Undistributed Costs:							
Student and Instruction Related Services	657,510	569,282	440,643	408,175	267,535	87,994	
School Administrative Services	482,833	428,293	400,301	425,544	466,305	323,156	
Other Administrative Services	1,868,654	1,424,132	1,718,547	1,715,414	1,241,024	330,548	
Plant Operations and Maintenance	695,927	686,276	740,530	679,447	582,093	310,533	
Pupil Transportation	127,317	133,606	121,106	183,174	108,108	125,193	
Unallocated Benefits	626,354	417,798	357,299	247,343	292,925	175,575	
TPAF Pension and Social Security	947,016	750,605	591,004	346,392	88,802	66,458	28,583
Debt Service	20,199	13,910	13,910				
Capital Outlay	36,848		62,858			57,907	64,036
Total Expenditures	8,348,196	7,329,053	7,190,552	6,590,247	4,967,582	2,785,967	2,783,705
Excess (Deficiency) of Revenues Over (Under) Expenditures	(457,820)	112,077	91,642	49,096	93,997	35,632	
Other Financing Sources (Uses)							
Total Other Financing Sources (Uses)	26,267		50,771				
Special Items							
Total Special Items	704,994						
Net Change in Fund Balances	\$ 273,441	\$ 112,077	\$ 142,413	\$ 49,096	\$ 93,997	\$ 35,632	\$ -
Debt Service as a Percentage of Noncapital Expenditures	0.2%	0.2%	0.2%	N/A	N/A	N/A	N/A

Source: Charter School's Records

- (1) Prior to the fiscal year ended June 30, 2016, the Charter School reported its budget in these functions: Instruction, Administration, Support Services and Capital Outlay.
- (2) For 2015, the operating period is January 1, 2014 - June 30, 2015.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 General Fund - Other Local Revenue by Source
 Last Seven Fiscal Years (modified accrual basis of accounting)
 Unaudited

	Fiscal Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015 (1)
Donations, Contributions, Grants and Fundraising	\$ 2,787	\$ 1,153	\$ 1,953	\$ 2,000			
Interest	1,674	3,346					
Miscellaneous Refunds/Other				2,352	\$ 6	\$ 583	
New Jersey E-Childcare			6,336				
Revenues from Educational Management Organization						30,000	\$ 57,341
Sale of Assets			7,095				
Student Transportation Fees						444	
	<u>\$ 4,461</u>	<u>\$ 4,499</u>	<u>\$ 15,384</u>	<u>\$ 4,352</u>	<u>\$ 6</u>	<u>\$ 31,027</u>	<u>\$ 57,341</u>

Source: Charter School Records

(1) For 2015, the operating period is January 1, 2014 - June 30, 2015.

Debt Capacity Information

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.

Ratios of Outstanding Debt by Type

Last Seven Fiscal Years

Unaudited

Fiscal Year Ended June 30,	<u>Governmental Activities</u>				<u>Business-Type Activities</u>		Total Charter School	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Mortgages Payable	Capital Leases	Loan Payable	Capital Leases				
2021	N/A	N/A	\$ 34,416	N/A	N/A	\$ 34,416	Unavailable	Unavailable	
2020	N/A	N/A	25,738	N/A	N/A	25,738	Unavailable	\$ 1	
2019	N/A	N/A	37,635	N/A	N/A	37,635	0%	1	
2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2015 (1)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

(1) For 2015, the operating period is January 1, 2014 - June 30, 2015.

Demographic and Economic Information

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Demographic and Economic Statistics (1)
Last Seven Fiscal Years
Unaudited

<u>Year</u>	<u>Population (2)(6)</u>	<u>Personal Income (3)(6)</u>	<u>Atlantic County Per Capita Personal Income (4)</u>	<u>Unemployment Rate (5)(6)</u>
2021	Unavailable	Unavailable	Unavailable	Unavailable
2020	35,487	Unavailable	Unavailable	16.5%
2019	35,596	\$ 1,802,261,076	\$ 50,631	4.4%
2018	35,763	1,736,222,124	48,548	5.1%
2017	35,967	1,683,111,732	46,796	6.3%
2016	38,202	1,734,600,012	45,406	10.1%
2015	38,682	1,718,370,486	44,423	13.2%

Source:

- (1) Data provided for Atlantic County, New Jersey.
- (2) Population information is provided by the NJ Dept of Labor and Workforce Development.
- (3) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (4) Per Capita personal income is based upon the US Bureau of Economic Analysis CA04 data table.
- (5) Unemployment data provided by the NJ Dept of Labor and Workforce Development.
- (6) For 2015 and 2016, data is provided for the City of Atlantic City, the Charter School's previous location. Beginning with 2017, data is provided for Galloway Township, the Charter School's current location.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Principal Employers
Current Year and Nine Years Ago
Unaudited

<u>Employer (1)</u>	<u>2021 (1)</u>			<u>2012 (1)</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Labor Force</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Labor Force</u>
	-			-		

(1) Data was not available from sources contacted.

Operating Information

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Full-time Equivalent Charter School Employees by Function/Program
 Last Seven Fiscal Years
 Unaudited

<u>Function/Program</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015 (1, 2)</u>
Regular Instruction	42	44	33	23	20	15.5	
Special Education Instruction	20	12	10	8	4		
Basic Skills Remedial Instruction					1		
Bilingual Education Instruction	2	1	1	1			
Student and Instruction Related Services	7	4	4	4	2		
School Administrative Services	6	4	4	3	4	1.5	
Other Administrative Services					2	1.5	
Plant Operations and Maintenance	1.25	1.25	1	1	1		
Instruction							14.38
Administration							3.00
Support Services							1.19
Total	78.25	66.25	53.00	40.00	34.00	18.50	18.57

Source: Charter School Personnel Records

- (1) Prior to the fiscal year ended June 30, 2016, the Charter School reported its budget in three functions: Instruction, Administration and Support Services.
- (2) For 2015, the operating period is January 1, 2014 - June 30, 2015.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Operating Statistics
 Last Seven Fiscal Years
 Unaudited

Fiscal Year	Enrollment	Operating Expenditures (1)	Cost Per Pupil	Percentage Change	Teaching Staff (2)	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) (3)	Average Daily Attendance (ADA) (3)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary (K-5)	Elementary (6-8)				
2021	351.78	\$ 8,291,149	\$ 23,569	19%	43.00	8.1 to 1	8.3 to 1	351.6	290.17	-9.3%	82.53%
2020	370.2	7,315,143	19,760	8%	39.00	8.3 to 1	23.7 to 1	361.5	345.7	-3.5%	95.63%
2019	390	7,113,784	18,240	7%	37.00	12.11 to 1	21 to 1	387.6	359.5	31.7%	92.75%
2018	385	6,590,247	17,118	4%	33.00	11.35 to 1	16.5 to 1	374.6	349.7	153.1%	93.35%
2017	301	4,967,582	16,504	-10%	27.00	10.8:1	15 to 1	294.2	266.7	98.8%	90.65%
2016	149.3	2,728,060	18,272	1%	15.50	9.63:1		148.0	138.0	0.2%	93.24%
2015 (4)	150	2,719,669	18,131	N/A	14.38	10:1		147.7	136.3	N/A	92.28%

Sources: Charter School Records

Note: Enrollment based on annual October enrollment count.

- (1) Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- (2) Teaching staff includes only full-time equivalents of certificated staff.
- (3) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- (4) For 2015, the operating period is January 1, 2014 - June 30, 2015.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
School Building Information
Last Seven Fiscal Years
Unaudited

Not Applicable. The Charter School does not own any facilities.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.

Insurance Schedule

June 30, 2021

Unaudited

	Coverage	Deductible
New Jersey School Insurance Group		
Cape May Atlantic Insurance Pool Sub Fund		
Article I - Property (per occurrence)		
Real and Personal Property	\$ 500,000,000	\$ 5,000
Extra Expense	50,000,000	5,000
Valuable Papers and Records	10,000,000	5,000
Demolition and Increased Cost of Construction	25,000,000	
Loss of Rents	624,760	
Loss of Business Income/Tuition	7,100,000	
Limited Builders Risk	10,000,000	
Fire Department Service Charge	10,000	
Arson Rewards	10,000	
Pollutant Cleanup and Removal	250,000	
Special Flood Hazard Area Flood Zones	25,000,000	
Deductible per building		500,000
Deductible per building contents		500,000
Accounts Receivable	250,000	
All Flood Zones (deductible per member/per occurrence)	75,000,000	10,000
Earthquake	50,000,000	
Terrorism	1,000,000	
Article II - Electronic Data Processing		
Data processing equipment including data and media, extra expense, business income, duplicates, transit and debris removal	375,000	1,000
Computer Virus (NJSIG Annual Aggregate \$10,000,000)	250,000	
Article III - Equipment Breakdown		
Combined Single Limit per Accident for Property Damage and Business Income (Per accident)	100,000,000	5,000
Sublimits:		
Property Damage	Included	
Off Premises Property Damage	1,000,000	25,000
Business Income	Included	
Extra Expense	10,000,000	
Service Interruption (Waiting period 24 hours)	10,000,000	
Perishable Goods	1,000,000	
Data Retoration	1,000,000	
Contingent Business Income	1,000,000	
Demolition	1,000,000	
Ordinance of Law	1,000,000	
Expediting Expenses	1,000,000	
Hazardous Substances	1,000,000	
Newly Acquired Locations (120 days notice)	1,000,000	
Terrorism	Included	

(Continued)

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.

Insurance Schedule

June 30, 2021

Unaudited

	Coverage	Deductible
Article IV - Crime		
Insuring Agreements:		
Public Employee Dishonesty with Faithful Performance	\$ 100,000	\$ 500
Theft, Disappearance and Destruction - Loss of Money & Securities		
On or off Premises	25,000	500
Theft, Disappearance and Destruction - Money Orders & Counterfeit		
Paper Currency	25,000	500
Forgery and Alteration	100,000	500
Computer Fraud	100,000	500
Article V - Comprehensive General Liability		
Bodily Injury and Property Damage, per Occurrence	11,000,000	
Products and Completed Operations (annual aggregate)	11,000,000	
Sexual Abuse:		
Per occurrence	11,000,000	
NJSIG Annual Aggregate	26,500,000	
Personal Injury and Advertising Injury - per occurrence/ annual aggregate	11,000,000	
Employee Benefits Liability - per occurrence/ annual aggregate	11,000,000	1,000
Premises Medical Payments:		
Each Claim	1,000	
Per Accident	10,000	
Limit Per Person	5,000	
Terrorism/ per occurrence/ annual NJSIG Aggregate	1,000,000	
Article VI - Automobile		
Hired and Non-owned		
Bodily Injury and Property Damage	11,000,000	
Uninsured/ Underinsured Motorists - All vehicles. Bodily Injury	Not covered	
Personal Injury Protection (Including pedestrians)	Not covered	
Medical Payments	Not covered	
Terrorism (Per occurrence/ annual NJSIG aggregate)	1,000,000	
Comprehensive/ Collision/ Hired Car Physical Damage	Not covered	
Workers' Compensation and Employers' Liability Declaration		
Bodily Injury by Accident/ Each Accident	3,000,000	
Bodily Injury by Disease/ Each Employee	3,000,000	
Bodily Injury by Disease/ Aggregate Limit	3,000,000	
School Leaders Errors and Omissions Liability Policy Declaration		
Coverage A (Retroactive 7/1/1986)		
Limit of Liability - Each policy period		
NJSIG	10,000,000	
QBE Speciality Insurance Co.	1,000,000	
Deductible Each Claim		15,000
Coverage B (Retroactive July 1, 1986)		
Limit of Liability - Each Claim	100,000	
Limit of Liability - Each policy period	300,000	
Deductible Each Claim		15,000

(Continued)

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.

Insurance Schedule

June 30, 2021

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Basic Student Accident Policy - Full Excess (Excluding Football)		
Berkley Life and Health Insurance Company		
Accident Medical Expense Limit	\$ 1,000,000	
Accident Medical Coverage for Volunteer Workers		25,000
Catastrophic Student Accident Policy (Excluding Football)		
United States Fire Insurance Company		
Accident Medical Expense Limit	5,000,000	\$ 25,000
Public Officials Bonds		
Selective Insurance Company of America		
School Business Administrator	162,500	
The Ohio Casualty Insurance Company		
Treasurer	171,000	

Source: Charter School's Insurance Policies and Certificate of Insurance

Charter School Financial Framework - Financial Indicators

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
New Jersey Performance Framework Financial Ratios
Audited Performance Indicators
Unaudited

	2019 Audit	2020 Audit	2021 Audit	Source
Cash	1,352,018	2,435,235	1,485,947	Audit: Exhibit A-1
Current Assets (include cash)	1,562,538	2,713,011	1,806,305	Audit: Exhibit A-1
Current Liabilities	1,251,555	1,613,574	1,165,454	Audit: Exhibit A-1
Total Expenses	6,306,616	6,185,652	6,844,527	Audit: Exhibit A-2
Change in Net Position	(7,874)	(12,581)	126,193	Audit: Exhibit A-2
Final Average Daily Enrollment (exclude PK)*	387.6	361.5	351.6	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)	400.0	390.0	378.0	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/note/bond payable:</i>				
Depreciation Expense	20,874	26,947	26,923	Auditor/Workpapers
Interest Expense	2,301	1,531	2,284	Auditor/Workpapers
Principal Payments	13,136	11,897	17,589	Auditor/Workpapers
Interest Payments	774	2,013	2,610	Auditor/Workpapers

Performance Indicators	2019	2020	2021	3 YR CUM	Calculation****	Target****
Near Term Indicators						
1a. Current Ratio (working capital ratio)	1.25	1.68	1.55		Current Assets/Current Liabilities	> 1.1 or between 1.0-1.1 with positive trend
1b. Unrestricted days cash on hand	78	144	79		Cash/(Total Expenses/365)	60 days or 30-60 days with positive trend
1c. Enrollment Variance	97%	93%	93%	94%	Average Daily Enrollment/Budgeted Enrollment	>95% or >95% for 3 yr cum
1d.** Default on loans or delinquent in debt payments	No	No	No		Auditor	not in default
Sustainability Indicators						
2a*** 3 Year Cumulative Cash Flow	41,971	1,083,217	(949,288)	175,900	Net change in cash flow from prior years	3 yr cum positive with most recent year positive
2b Debt Service Coverage Ratio	N/A	1.14	7.69		N/A or (Change in Net Position + depreciation + interest expense) / (principal + interest payments)	>1.10

* For renaissance schools: use Oct 15 count if no final count; use head count if ADE not available
 ** Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No
 *** 2021 =2021 Cash - 2020 Cash; 2020 =2020 Cash-2019 Cash; 2019 =2019 Cash-2018 Cash
 **** Refer to NJ Performance Framework

Meets Standard
 Does Not Meet Standard
 Falls Far Below Standard

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
Atlantic Community Charter School, Inc.
Galloway, New Jersey 08205

Report on Compliance for the Major State Program

We have audited the Atlantic Community Charter School, Inc.'s, in the County of Atlantic, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on the Charter School's major state programs for the fiscal year ended June 30, 2021. The Charter School's major state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major State Program

In our opinion, the Atlantic Community Charter School, Inc., in the County of Atlantic, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state programs for the fiscal year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

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

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Scott P. Barron
Certified Public Accountant
Public School Accountant No. CS 002459

Voorhees, New Jersey
February 23, 2022

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2021

Federal Grantor/ Pass-through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Additional Award Identification	Federal FAIN Number	Pass-Through Entity Identifying Number	Program or Award Amount	Grant Period	
						From	To
General Fund							
U.S. Department of Health and Human Services:							
Passed-through State Department of Education:							
Medical Assistance Program (Medicaid)	93.778		1905NJMAP	N/A	\$ 8,049	07/01/20	06/30/21
CARES Act - Supplemental Medical Assistance Program (Medicaid)	93.778		1905NJMAP	N/A	212	07/01/20	06/30/21
Total Medical Assistance Program (Medicaid) Cluster							
Total General Fund							
Special Revenue Fund:							
U.S. Department of Education:							
Passed-through State Department of Education:							
E.S.S.A.:							
Title I Grants to Local Educational Agencies	84.010		S010A190030	ESEA606020	289,858	7/1/2019	9/30/2020
Title I Grants to Local Educational Agencies	84.010		S010A190030	ESEA606021	250,144	7/1/2020	9/30/2021
Title I Grants to Local Educational Agencies - Reallocated	84.010		S010A180030	ESEA606020	7,681	7/1/2019	9/30/2020
Title I Grants to Local Educational Agencies - Reallocated	84.010		S010A180030	ESEA606021	10,375	7/1/2020	9/30/2021
Title I Grants to Local Educational Agencies (SIA)	84.010		S010A190030	ESEA606020	45,600	7/1/2019	9/30/2020
Title I Grants to Local Educational Agencies (SIA)	84.010		S010A190030	ESEA606021	50,100	7/1/2020	9/30/2021
Total Title I Grants to Local Educational Agencies							
Supporting Effective Instruction State Grants (Title II)	84.367		S367A190029	ESEA606020	32,139	7/1/2019	9/30/2020
Supporting Effective Instruction State Grants (Title II)	84.367		S367A190029	ESEA606021	24,186	7/1/2020	9/30/2021
Total Title II, Part A							
Student Support & Academic Enrichment Grant (Title IV)	84.424		S424A190031	ESEA606020	13,688	7/1/2019	9/30/2020
Student Support & Academic Enrichment Grant (Title IV)	84.424		S424A190031	ESEA606021	27,715	7/1/2020	9/30/2021
Total Student Support & Academic Enrichment Grant (Title IV)							
Special Education Cluster (IDEA):							
Special Education Grants to States (IDEA, Basic)	84.027		H027A190100	FT60620	88,309	7/1/2019	9/30/2020
Special Education Grants to States (IDEA, Basic)	84.027		H027A190100	FT60621	98,632	7/1/2020	9/30/2021
Special Education Preschool Grants (IDEA Preschool)	84.173		H173A190114	FT60621	1,997	7/1/2019	9/30/2020
Special Education Preschool Grants (IDEA Preschool)	84.173		H173A190114	FT60621	1,953	7/1/2020	9/30/2021
Total Special Education Cluster (IDEA)							
Education Stabilization Fund (ESF):							
Elementary and Secondary School Emergency Relief Fund (ESSR) (CARES Act)	84.425	COVID-19, 84.425D	S425D200027	N/A	229,088	3/13/2020	9/30/2022
Total CARES Emergency Relief Grant							
Total U.S. Department of Education - Passed-through N.J. State							
U.S. Department of Education:							
Office of Elementary and Secondary Education:							
Small Rural School Achievement Program (SRSA REAP)	84.358A		S358A202470	N/A	7,609	7/1/2020	9/30/2021
Total Small Rural School Achievement Programs (SRSA REAP)							
U.S. Department of Treasury:							
Passed-through State Department of Education:							
Coronavirus Relief Fund:							
School Re-opening and Remote Learning Grant	21.019	COVID-19	SLT0228	N/A	54,452	7/16/2020	10/31/2020
Total Special Revenue Fund							
Total Federal Financial Assistance							

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

These funds were not audited in accordance with the Uniform Guidance since the total of all grant award expenditures were less than \$750,000.

Balance July 1, 2020	Carryover / (Walkover) Amount	Cash Received	Budgetary Expenditures			Passed - Through to Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2021		
			Pass-Through Funds	Direct Funds	Total Budgetary Expenditures				(Accounts Receivable)	Unearned Revenue	Due to Grantor
		\$ 8,049 212	\$ 8,049 212		\$ 8,049 212						
		8,261	8,261		8,261						
		8,261	8,261		8,261						
\$ (5,880)		5,880									
		124,254	250,144		250,144			\$ (125,890)			
		4,781	4,781		4,781						
		10,375	8,717		8,717					\$ 1,658	
(1,412)		1,412									
		31,755	50,101		50,101			(18,346)			
(7,292)		178,457	313,743		313,743			(144,236)		1,658	
(6,139)		6,139									
		20,368	22,117		22,117			(1,749)			
(6,139)		26,507	22,117		22,117			(1,749)			
150			150		150						
		7,536	14,534		14,534			(6,998)			
150		7,536	14,684		14,684			(6,998)			
(57,274)		58,389	1,115		1,115						
		92,580	98,638		98,638			(6,058)			
(1,997)		1,997									
		1,953	1,953		1,953						
(59,271)		154,919	101,706		101,706			(6,058)			
(59,761)		215,131	163,439		163,439			(8,069)			
(59,761)		215,131	163,439		163,439			(8,069)			
(132,313)		582,550	615,689		615,689			(167,110)		1,658	
		7,493		\$ 7,493	7,493						
		7,493		7,493	7,493						
		54,452	54,452		54,452						
(132,313)		644,495	670,141	7,493	677,634			(167,110)		1,658	
\$ (132,313)	\$ -	\$ 652,756	\$ 678,402	\$ 7,493	\$ 685,895	\$ -	\$ -	\$ -	\$ (167,110)	\$ 1,658	\$ -

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2021

<u>State Grantor/ Program Title or Cluster Title</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>		<u>Balance June 30, 2020</u>		<u>Carryover / (Walkover) Amount</u>
			<u>From</u>	<u>To</u>	<u>Unearned Revenue/ (Accounts Receivable)</u>	<u>Due to Grantor</u>	
General Fund:							
New Jersey Department of Education:							
Passed-Through Local Education Agencies:							
Current Expense:							
State Aid - Public:							
Charter School Aid:							
Local Levy Equalization Aid - State and Local Share	19-495-034-5120-078	\$ 4,903,602	7/1/18	6/30/19	\$ (3)		
Local Levy Equalization Aid - State and Local Share	20-495-034-5120-078	5,001,527	7/1/19	6/30/20	(86,182)	\$ 171,265	
Local Levy Equalization Aid - State and Local Share	21-495-034-5120-078	5,127,152	7/1/20	6/30/21			
Categorical Special Education Aid	21-495-034-5120-089	254,479	7/1/20	6/30/21			
Categorical Security Aid	21-495-034-5120-084	187,480	7/1/20	6/30/21			
Total Passed-Through Local Education Agencies					(86,185)	171,265	
State Aid - Public:							
Adjustment Aid	21-495-034-5120-071	683,893	7/1/20	6/30/21			
Total Adjustment Aid							
Total State Aid - Public					(86,185)	171,265	
Reimbursed T.P.A.F. Social Security Contributions	20-495-034-5094-003	178,802	7/1/19	6/30/20	(36,645)		
Reimbursed T.P.A.F. Social Security Contributions	21-495-034-5094-003	196,808	7/1/20	6/30/21			
Total Reimbursed TPAF Social Security Contributions					(36,645)		
On-Behalf T.P.A.F. Pension Contributions (Non-Budgeted):							
T.P.A.F. Post-Retirement Medical	21-495-034-5094-001	178,792	7/1/20	6/30/21			
Teacher's Pension and Annuity Fund	21-495-034-5094-002	559,867	7/1/20	6/30/21			
T.P.A.F. Long-Term Disability Insurance	21-495-034-5094-004	897	7/1/20	6/30/21			
T.P.A.F. Non-contributory Insurance	21-495-034-5094-004	10,652	7/1/20	6/30/21			
Total On-Behalf TPAF Pension Contributions (Non-Budgeted)							
Total General Fund					(122,830)	171,265	
Total State Financial Assistance					\$ (122,830)	\$ 171,265	\$ -

Less: State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:

General Fund (Non-Cash Assistance):

New Jersey Department of Education:

On-Behalf T.P.A.F. Pension Contributions (Non-Budgeted):

T.P.A.F. Post-Retirement Medical	21-495-034-5094-001	178,792	7/1/20	6/30/21
Teacher's Pension and Annuity Fund	21-495-034-5094-002	559,867	7/1/20	6/30/21
T.P.A.F. Long-Term Disability Insurance	21-495-034-5094-004	897	7/1/20	6/30/21
T.P.A.F. Non-contributory Insurance	21-495-034-5094-004	10,652	7/1/20	6/30/21

Total General Fund (Non-Cash Assistance)

Total State Financial Assistance subject to Major Program Determination for State Single Audit

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

Cash Received	Total Budgetary Expenditures	Passed - Through Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2021			Memo	
					(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2021	Cumulative Total Expenditures
\$ 3									\$ 4,903,602
86,182				\$ (171,265)					5,001,527
5,042,362	\$ 5,127,152				\$ (116,825)		\$ 32,035		5,127,152
254,479	254,479								254,479
187,480	187,480								187,480
<u>5,570,506</u>	<u>5,569,111</u>			<u>(171,265)</u>	<u>(116,825)</u>		<u>32,035</u>		<u>15,474,240</u>
683,893	683,893								683,893
683,893	683,893								683,893
6,254,399	6,253,004			(171,265)	(116,825)		32,035		16,158,133
36,645									178,802
173,194	196,808				(23,614)				196,808
209,839	196,808				(23,614)				375,610
178,792	178,792								178,792
559,867	559,867								559,867
897	897								897
10,652	10,652								10,652
<u>750,208</u>	<u>750,208</u>								<u>750,208</u>
7,214,446	7,200,020			(171,265)	(140,439)		32,035		17,283,951
<u>\$ 7,214,446</u>	<u>7,200,020</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (171,265)</u>	<u>\$ (140,439)</u>	<u>\$ -</u>	<u>\$ 32,035</u>	<u>\$ -</u>	<u>\$ 17,283,951</u>
	178,792								
	559,867								
	897								
	10,652								
	<u>750,208</u>								
	<u>\$ 6,449,812</u>								

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2021

Note 1: BASIS OF PRESENTATION

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

There is no net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis for the general for the special revenue funds. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

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

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 8,261	\$ 7,200,020	\$ 7,208,281
Special Revenue	677,634		677,634
	<hr/>	<hr/>	<hr/>
GAAP Basis Revenues	685,895	7,200,020	7,885,915
	<hr/>	<hr/>	<hr/>
Total Awards and Financial Assistance Expended	<u>\$ 685,895</u>	<u>\$ 7,200,020</u>	<u>\$ 7,885,915</u>

Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 5: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2021, the Charter School was the recipient of federal and state assistance that represented either a reimbursement to the Charter School or payments made on-behalf of the Charter School. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the Charter School has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance related to TPAF members.

Note 6: MAJOR PROGRAMS

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section 1- Summary of Auditor's Results

Financial Statements

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

Federal Awards Not Applicable

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

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

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

Auditee qualified as low-risk auditee? yes no

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section 2- Schedule of Financial Statement Findings

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

None.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section 3- Schedule of Federal Award Findings and Questioned Costs

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

Not applicable.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

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

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

None.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management

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

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

Not applicable.

STATE FINANCIAL ASSISTANCE PROGRAMS

None.

