

***INTERNATIONAL CHARTER SCHOOL
OF TRENTON***

***ANNUAL COMPREHENSIVE
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2021

**INTERNATIONAL CHARTER SCHOOL
OF
TRENTON**

***International Charter School of Trenton
Board of Trustees
Trenton, New Jersey***

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

***ANNUAL COMPREHENSIVE
FINANCIAL REPORT
OF THE
INTERNATIONAL CHARTER SCHOOL OF TRENTON
TRENTON, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021***

Prepared By

***International Charter School of Trenton
Finance Department***

And

Barre & Company LLC, CPA's

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INTERNAL SERVICE FUND

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INTRODUCTORY SECTION

International Charter School of Trenton
105 Grand Street
Trenton, New Jersey 08611
609-394-3111

February 1, 2022

Honorable President and
Members of the Board of Trustees
International Charter School of Trenton
County of Mercer
Trenton, New Jersey

Dear Board Members:

The Annual Comprehensive Financial Report of the International Charter School of Trenton (the "Charter School") for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (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 basic financial statements and results of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

The 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 schedule providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;
- The Single Audit Section — The Charter School is required to undergo an annual single audit in conformity with the provisions of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (U.S. Uniform Guidance) and 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 five member Board of Trustees (the “Board”) serves as the policy maker for the Charter School. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of Charter School tax money.

The Chief School Administrator 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 International Charter School of Trenton is an independent reporting entity within the criteria adopted by the Government Auditing Standards Board (GASB) as established by GASB Statement No. 14 as amended. All funds of the Charter School are included in this report. The Charter School’s Board of Trustees constitutes the Charter School’s reporting entity.

The Charter School provides a full range of services appropriate to grade levels Kindergarten through Grade 4. These services include regular, as well as special education and basic skills instruction. The Charter School completed the 2020-2021 school year with an enrollment of 90 students. The following details the student enrollment of the Charter School over the last five years.

| <u>Average Daily Enrollment</u> | | |
|---------------------------------|-------------------------------|-----------------------------|
| <u>Fiscal Year</u> | <u>Student Enrollment-ADE</u> | <u>Percent Change - ADE</u> |
| 2020-2021 | 89 | -1.02% |
| 2019-2020 | 90 | 0.41% |
| 2018-2019 | 90 | 0.26% |
| 2017-2018 | 89 | -0.11% |
| 2016-2017 | 90 | -0.54% |
| 2015-2016 | 90 | 0.09% |

2. ECONOMIC CONDITION AND OUTLOOK: International Charter School of Trenton opened its doors in September 1998. Management is stable and the school’s finances are solid, supporting the maturing academic program and this audit will show continued stability and integrity.

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

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

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

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

As part of the Charter School's single audit described earlier, tests are made to determine the adequacy of internal controls, 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.

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assignments of fund balance at June 30, 2021.

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

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

8. OTHER INFORMATION:

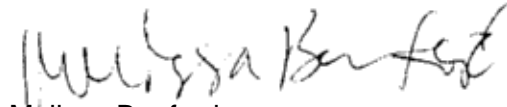
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, Certified Public Accountants, was selected by the Board of Trustees. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements

of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors’ report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors’ reports, related specifically to the single audit, are included in the single audit section of this report.

9. ANTI-BULLYING: On January 5, 2011, Governor Chris Christie signed into law P.L. 2010, Chapter 122, known as the Anti-Bullying Bill of Rights. The Anti-Bullying Bill of Rights Act (“Act”) requires initial and on-going training for all staff members, Anti-Bullying Specialists, Anti-Bullying Coordinators, administrative staff and Board members. N.J.S.A. 18A:37-22(d) requires every teacher to complete at least two hours of instruction on harassment, intimidation, and bullying prevention in each professional development period. In 2020-2021, training was provided for harassment, intimidation and bullying prevention to comply with the training requirements of the Act.

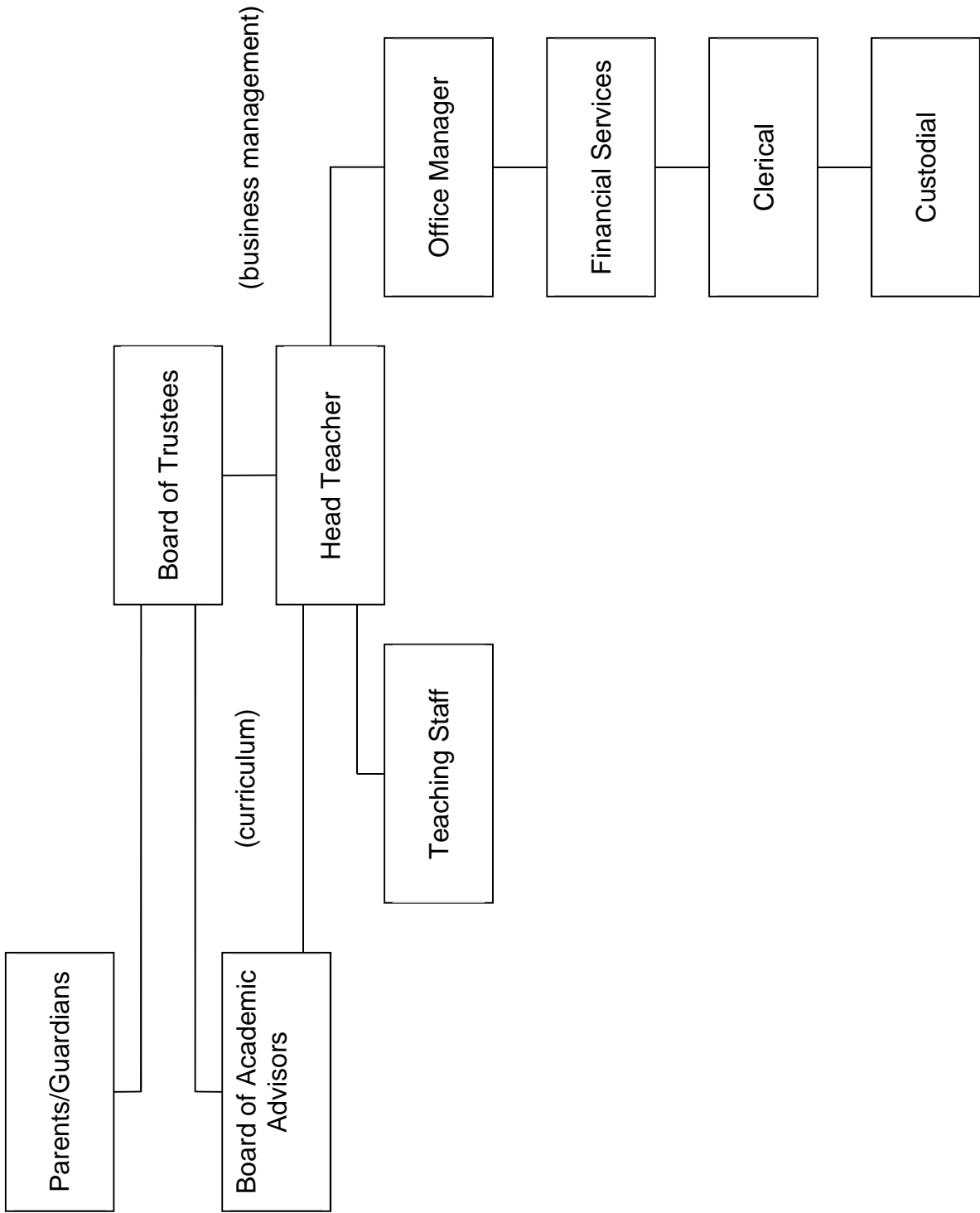
10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the International Charter School of Trenton Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Charter School and thereby contributing their full support to the development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

Respectfully submitted,



Melissa Benford
Head Teacher/Administrator

INTERNATIONAL CHARTER SCHOOL OF TRENTON
ORGANIZATIONAL CHART



**INTERNATIONAL CHARTER SCHOOL OF TRENTON
TRENTON, NEW JERSEY**

**ROSTER OF OFFICIALS
June 30, 2021**

MEMBERS OF THE BOARD OF TRUSTEES

Robert A. Kull, President

Rachael Binz, Vice President

Jason Briggs, Member

Kimberly Sdeo, Member

Melissa Benford, Head Teacher and an Ex-Officio, non-voting member

OTHER OFFICIALS

Peter Lanzi, School Business Administrator

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
TRENTON, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

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

Official Depository

Bank of America
301 Carnegie Center
Princeton, New Jersey 08543

FINANCIAL SECTION

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206
Union, New Jersey 07083
(908) 686-3484
FAX – (908) 686-6055

Independent Auditor's Report

Honorable President
Members of the Board of Trustees
International Charter School of Trenton
County of Mercer
Trenton, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the International Charter School of Trenton (Charter School), in the County of Mercer, 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

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the International Charter School of Trenton, in the County of Mercer, State of New Jersey, as of June 30, 2021, and the respective changes in the financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the International Charter School of Trenton's basic financial statements. The introductory section, combining and related major fund supporting statements and schedule, the schedule of expenditures of federal awards, and statistical sections are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey. The accompanying schedule of expenditures of state financial assistance, as required by the State of New Jersey's 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 schedule and schedule 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 schedule and schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards* and the Office of School Finance, Department of Education, State of New Jersey

In accordance with *Government Auditing Standards* and the Office of School Finance, Department of Education, State of New Jersey, we have also issued our report dated February 1, 2022 on our consideration of the International Charter School of Trenton's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the Office of School Finance, Department of Education, State of New Jersey and the Office of School Finance, Department of Education, State of New Jersey in considering the Charter School's internal control over financial reporting and compliance.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


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

Union, New Jersey
February 1, 2022

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED**

The discussion and analysis of International Charter School of Trenton's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended 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 basic financial statements and notes to enhance their understanding of the Charter School's financial performance. Certain comparative information between the current year (2020-2021) and the prior year (2019-2020) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2021 are as follows:

- ❖ General revenues accounted for \$2,076,301 or 95% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$102,352 or 5% of total revenues of \$2,178,653.
- ❖ The Charter School had \$2,126,119 in expenses; only \$102,352 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$2,076,301 were not adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$1,518,765 in revenues and \$1,455,562 in expenditures. The General Fund's fund balance decreased \$63,203 over 2020.

Using this Annual Comprehensive Financial Report (ACFR)

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

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

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED
(CONTINUED)**

Reporting the Charter School as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2021?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED
(CONTINUED)**

Governmental Funds

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

Enterprise Fund

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the financial statements can be found starting on page 34 of this report.

The Charter School as a Whole

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

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

The Charter School's combined Net Position (Deficit) were \$(492,646) on June 30, 2021 and \$(545,180) on June 30, 2020.

Governmental Activities

The Charter School's total revenues were \$2,144,987 for the fiscal year 2021 and \$2,398,215 for 2020, this includes \$207,196 for 2021 and \$168,912 for 2020 of state reimbursed TPAF Social Security and Pension Contributions.

The total cost of all programs and services was \$2,087,414 for 2021 and \$2,454,529 for 2020. Instruction comprises \$854,242 for 2021 and \$838,261 for 2020 of Charter School expenses.

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED
(CONTINUED)**

Business-Type Activities

Revenues for the Charter School's business-type activities (Food service) were comprised of charges for services and federal and state reimbursements.

- ❖ Food service expenses exceeded revenues by \$5,039 for 2021 and revenues exceeded expenses by \$11,350 for 2020.
- ❖ Charges for services represent \$0 for 2021 and \$1,984 for 2020 of revenue. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfast were \$33,666 for 2021 and \$45,292 for 2020.

Governmental Activities

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

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

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

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

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$2,144,987 for 2021 and \$2,398,215 for 2020 and expenditures were \$2,087,414 for 2021 and \$1,728,634 for 2020.

As demonstrated by the various statements and schedule included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedule present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2021, and the amount and percentage of increases and decreases in relation to prior year revenues.

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED
(CONTINUED)**

The Charter School's Funds (Continued)

| Revenues | Amount | Percent of Total | Increase/ (Decrease) From 2020 | Percent of Increase/ (Decrease) |
|-----------------|---------------------|---------------------|--------------------------------------|---------------------------------------|
| Local Sources | \$ 4,851 | 0.29% | \$ (1,760) | -26.62% |
| State Sources | 1,513,914 | 90.43% | (52,729) | -3.37% |
| Federal Sources | 155,350 | 9.28% | 46,511 | 42.73% |
| Total | \$ 1,674,115 | 100.00% | \$ (7,978) | |

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2021, and the percentage of increases and decreases in relation to prior year amounts.

| Expenditures | Amount | Percent of Total | Increase/ (Decrease) From 2020 | Percent of Increase/ (Decrease) |
|------------------|---------------------|---------------------|--------------------------------------|---------------------------------------|
| Instruction | \$ 854,242 | 40.92% | \$ 227,605 | 36.32% |
| Administration | 922,631 | 44.20% | 118,766 | 14.77% |
| Support Services | 310,541 | 14.88% | 12,409 | 4.16% |
| Total | \$ 2,087,414 | 100.00% | \$ 358,780 | |

General Fund Budgeting Highlights

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

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

Capital Assets (Net of Depreciation) and Debt Administration

At the end of fiscal year 2021, the Charter School had no investments in capital assets and equipment and none for 2020. At the end of fiscal year 2021, the Charter School had no debt and none for 2020.

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED
(CONTINUED)**

For the Future

The International Charter School of Trenton is in stable financial condition presently. The Charter School is proud of its community support. Full enrollment ensures the financial viability of the school.

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

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Peter Lanzi, School Business Administrator at International Charter School of Trenton, 105 Grand Street, Trenton, New Jersey 08611.

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Statement of Net Position
June 30, 2021

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|---------------------|
| ASSETS: | | | |
| Cash and Cash Equivalents | \$ 99,516 | \$ 840 | \$ 100,356 |
| Internal Balances | 3,897 | (3,897) | |
| Receivables | 42,280 | 3,296 | 45,576 |
| Total Assets | 145,693 | 239 | 145,932 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| Pensions | 161,525 | | 161,525 |
| Total Deferred Outflows of Resources | 161,525 | | 161,525 |
| LIABILITIES: | | | |
| Accounts Payable | | | 12,439 |
| Pensions | 546,859 | | 546,859 |
| Total Liabilities | 559,298 | - | 559,298 |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Pensions | 240,805 | | 240,805 |
| Total Deferred Inflows of Resources | 240,805 | | 240,805 |
| NET POSITION (DEFICIT): | | | |
| Unrestricted | (492,885) | 239 | (492,646) |
| Total Net Position (Deficit) | \$ (492,885) | \$ 239 | \$ (492,646) |

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON

Statement of Activities
For The Fiscal Year Ended June 30, 2021

| Functions/Programs | Expenses | Indirect Expenses Allocation | Program Revenues | | | Net (Expense) Revenue and Changes In Net Position | | |
|--------------------------------------|------------------|------------------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|--------------------|
| | | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| GOVERNMENTAL ACTIVITIES: | | | | | | | | |
| Instruction | \$ 630,487 | \$ 223,755 | \$ - | \$ 26,117 | \$ - | \$ (828,125) | \$ - | \$ (828,125) |
| Administration | 817,667 | 104,964 | - | 42,569 | - | (880,062) | - | (880,062) |
| Support Services | 285,609 | 24,932 | - | - | - | (310,541) | - | (310,541) |
| Total Governmental Activities | 1,733,763 | \$ 353,651 | - | 68,686 | - | (2,018,728) | - | (2,018,728) |
| BUSINESS-TYPE ACTIVITIES: | | | | | | | | |
| Food Service | 38,705 | - | - | 33,666 | - | - | (5,039) | (5,039) |
| Total Business-Type Activities | 38,705 | - | - | 33,666 | - | - | (5,039) | (5,039) |
| Total Primary Government | \$ 1,772,468 | | | \$ 102,352 | | \$ (2,018,728) | \$ (5,039) | \$ (2,023,767) |
| GENERAL REVENUES | | | | | | | | |
| Federal and State Aid Not Restricted | | | | | | 2,071,450 | | 2,071,450 |
| Miscellaneous Income | | | | | | 4,851 | | 4,851 |
| Total General Revenues | | | | | | 2,076,301 | | 2,076,301 |
| Change in Net Position | | | | | | 57,573 | (5,039) | 52,534 |
| Net Position - Beginning | | | | | | (550,458) | 5,278 | (545,180) |
| Net Position - Ending | | | | | | \$ (492,885) | \$ 239 | \$ (492,646) |

SECTION B – FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

INTERNATIONAL CHARTER SCHOOL OF TRENTON
 Governmental Funds
 Balance Sheet
 June 30, 2021

| | General Fund | Special Revenue Fund | Total |
|---|-----------------|----------------------------|--------------|
| ASSETS: | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | \$ 97,972 | \$ - | \$ 97,972 |
| Cash - Restricted | 1,544 | | 1,544 |
| Interfund Receivables | 35,006 | | 35,006 |
| Receivables From Other Governments | 31 | 31,109 | 31,140 |
| Receivables, Net | 11,140 | | 11,140 |
| Total Current Assets | 145,693 | 31,109 | 176,802 |
| Total Assets | \$ 145,693 | \$ 31,109 | \$ 176,802 |
| LIABILITIES AND FUND BALANCES: | | | |
| Liabilities: | | | |
| Current Liabilities: | | | |
| Interfund Payables | \$ - | \$ 31,109 | \$ 31,109 |
| Accounts Payable | 128 | - | 128 |
| Payroll Deductions and Withholdings | 12,311 | - | 12,311 |
| Total Current Liabilities | 12,439 | 31,109 | 43,548 |
| Total Liabilities | 12,439 | 31,109 | 43,548 |
| Fund Balances: | | | |
| Unassigned: | | | |
| General Fund | 133,254 | | 133,254 |
| Total Fund Balances | 133,254 | - | 133,254 |
| Total Liabilities and Fund Balances | \$ 145,693 | \$ 31,109 | |
| Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) which are different: | | | |
| Net pension liability of \$546,859, deferred inflows of resources of \$240,805 less deferred outflows of resources of \$161,525 related to pensions are not reported in the governmental funds | | | (626,139) |
| Net Position of Governmental Activities | | | \$ (492,885) |

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2021

| | General Fund | Special Revenue Fund | Total |
|---------------------------------|-----------------|----------------------------|----------------|
| REVENUES: | | | |
| Local Sources: | | | |
| Miscellaneous | \$ 4,851 | \$ - | \$ 4,851 |
| Total Local Sources | 4,851 | | 4,851 |
| State Sources | 1,513,914 | | 1,513,914 |
| Federal Sources | | 155,350 | 155,350 |
| Total Revenues | 1,518,765 | 155,350 | 1,674,115 |
| EXPENDITURES: | | | |
| Current: | | | |
| Instruction | 553,931 | 76,556 | 630,487 |
| Administration | 694,816 | | 694,816 |
| Support Services | 206,815 | 78,794 | 285,609 |
| Total Expenditures | 1,455,562 | 155,350 | 1,610,912 |
| NET CHANGE IN FUND BALANCES | 63,203 | | 63,203 |
| FUND BALANCES, JULY 1 | 70,051 | | 70,051 |
| FUND BALANCES, JUNE 30 | \$ 133,254 | \$ - | \$ 133,254 |

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
 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 fund (from B-2) | \$ 63,203 |
| Pension costs associated with the PERS pension plan are reported in the governmental funds as expenditures in the year the school pension contribution is paid. However, on the statement of activities, the net difference between the current and prior year net pension liability is recognized. | <u>(5,630)</u> |
| Change in net position of governmental activities | <u>\$ 57,573</u> |

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

PROPRIETARY FUNDS

INTERNATIONAL CHARTER SCHOOL OF TRENTON
 Proprietary Fund
 Statement of Fund Net Position
 June 30, 2021

| | Business-Type Activities | |
|--|--------------------------|----------------|
| | <u>Food Service</u> | <u>Total</u> |
| ASSETS: | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 840 | \$ 840 |
| Interfund Receivable | (3,897) | (3,897) |
| Intergovernmental Accounts Receivable: | | |
| Federal | <u>3,296</u> | <u>3,296</u> |
| Total Current Assets | <u>239</u> | <u>239</u> |
| Noncurrent Assets: | | |
| Machinery and Equipment | 2,620 | 2,620 |
| Less Accumulated Depreciation | <u>(2,620)</u> | <u>(2,620)</u> |
| Total Noncurrent Assets | <u>-</u> | <u>-</u> |
| Total Assets | <u>\$ 239</u> | <u>\$ 239</u> |
| Net Position: | | |
| Unrestricted | <u>\$ 239</u> | <u>\$ 239</u> |
| Total Net Position | <u>239</u> | <u>239</u> |
| Total Liabilities and Net Position | <u>\$ 239</u> | <u>\$ 239</u> |

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2021

| | Business-Type Activities | | |
|---|--------------------------|-------------------------|------------------|
| | Food Service Program | | |
| | Food Service | Fixed Contract Price | Total Enterprise |
| OPERATING EXPENSES: | | | |
| Cost of Sales - Program (Reimbursable Programs) Meals | \$ 26,887 | \$ - | \$ 26,887 |
| Salaries | 11,818 | - | 11,818 |
| Total Operating Expenses | <u>38,705</u> | <u>-</u> | <u>38,705</u> |
| OPERATING (LOSS) | <u>(38,705)</u> | <u>-</u> | <u>(38,705)</u> |
| NONOPERATING REVENUES: | | | |
| State Source: | | | |
| State School Breakfast/Lunch Program | 907 | - | 907 |
| Federal Source: | | | |
| National School Breakfast/Lunch/Snack Program/FFVP | 20,125 | - | 20,125 |
| National School Breakfast Program | 12,634 | - | 12,634 |
| Total Nonoperating Revenues | <u>33,666</u> | <u>-</u> | <u>33,666</u> |
| CHANGE IN NET POSITION | (5,039) | - | (5,039) |
| TOTAL NET POSITION, JULY 1 | <u>5,278</u> | <u>-</u> | <u>5,278</u> |
| TOTAL NET POSITION, JUNE 30 | <u>\$ 239</u> | <u>\$ -</u> | <u>\$ 239</u> |

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021

| | Business-Type Activities | | |
|---|--------------------------|-------------|--------------------|
| | Food Service | After Care | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash Received from Customers | \$ - | \$ - | \$ - |
| Cash Payments to Suppliers and Employees | <u>(36,322)</u> | <u>-</u> | <u>(36,322)</u> |
| Net Cash Used In Operating Activities | <u>(36,322)</u> | <u>-</u> | <u>(36,322)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | |
| Cash Received From State And Federal Reimbursements | <u>33,666</u> | <u>-</u> | <u>33,666</u> |
| Net Cash Provided By Noncapital Financing Activities | <u>33,666</u> | <u>-</u> | <u>33,666</u> |
| Net Increase In Cash And Cash Equivalents | (2,656) | - | (2,656) |
| Cash And Cash Equivalents, Beginning Of Year | <u>3,496</u> | <u>-</u> | <u>3,496</u> |
| Cash And Cash Equivalents, End Of Year | <u>\$ 840</u> | <u>\$ -</u> | <u>\$ 840</u> |
| Reconciliation of Operating Loss to Net Cash Used by Operating Activities: | | | |
| Operating (Loss) Used for Operating Activities | \$ (38,705) | \$ - | \$ (38,705) |
| Change In Assets And Liabilities: | | | |
| Increase In Interfund Receivables | 3,897 | | 3,897 |
| (Increase) Decrease In Receivables | (707) | | (707) |
| Increase (Decrease) In Interfund Payable | <u>(508)</u> | | <u>(508)</u> |
| Net Cash Used In Operating Activities | <u>\$ (36,322)</u> | <u>\$ -</u> | <u>\$ (36,322)</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of International Charter School of Trenton have been prepared in conformity with generally accepted accounting principles generally (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body responsible for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the Charter School follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the Charter School are described below.

B. Reporting Entity

The Charter School is a non-profit corporation organized under the laws of the State of New Jersey, established in 2002 to operate and maintain a public school under a charter granted by the State of New Jersey. The Charter School consists of seven members and must comply with the Charter School Program Act of 1995 and regulations promulgated thereunder.

The primary criterion for including activities within the Charter School's reporting entity are set forth in Statement No. 14, as amended, of the Governmental Accounting Standards Board entitled "The Financial Reporting Entity" (GASB 14), as amended, as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards. Under GASB Statement No. 14, the financial reporting entity is determined by the degree of oversight responsibility maintained by the Charter School. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Charter School over which it exercises operating control. The operations of the International Charter School of Trenton includes a Grade K-4 school located in the City of Trenton. There are no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statements – Government-Wide Statements

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

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements.

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

D. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Charter School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Charter School:

Governmental Fund Types

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Charter School.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

Governmental Fund Types (Continued)

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

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

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

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

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

Enterprise Funds – The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the Charter School is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

Enterprise Funds (Continued)

financed or recovered primarily through user charges; or, where the Charter School has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Governments should establish a policy that defines operating revenues and expenses that is appropriate to the nature of the activity being reported, and use it consistently from period to period. Transactions for which cash flows are reported as capital and related financing activities, non-capital financing activities, or investing activities normally would not be reported as components of operating income.

The Charter School's Enterprise Fund are comprised of the Food Service Fund operations.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

| | |
|--------------------------|----------|
| Food Service Fund: | |
| Equipment | 12 Years |
| Light Trucks and Vehicle | 4 Years |
| Heavy Trucks and Vehicle | 6 Years |

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements; however, interfund services provided and used are not eliminated in the process of consolidation.

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 program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating 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. The principal operating revenues of the Charter School enterprise

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

funds are charges for daily sales of food, special functions and miscellaneous receipts. Operating expenses for proprietary funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary, Trust and Agency Fund Types – In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84 – Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local government, including New Jersey school districts and their charter schools. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, or FY2020-2021. 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. After considering the criteria and guidance, it was determined that Payroll and Payroll Agency (Fund 60), previously reported as fiduciary funds, that such activities are more appropriately reported in a general fund (Fund 10).

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus and Basis of Accounting

The government-wide and proprietary 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Charter School gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, property taxes, grants, entitlements and donations.

Government funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

The Charter School considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

F. Budgets/Budgetary Control

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 legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

The following presents a reconciliation of the special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting:

| | 2021 | 2020 |
|--|------------|------------|
| Total Revenues & Expenditures (Budgetary Basis) | \$ 155,350 | \$ 108,839 |
| Adjustments: | | |
| Less Encumbrances at June 30, 2021 | - | - |
| Plus Encumbrances at June 30, 2020 | - | - |
| Total Revenues and Expenditures (GAAP Basis) | \$ 155,350 | \$ 108,839 |

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Note A in the Required Supplementary Information Section.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants receivable. SDA grants are recognized on the budgetary basis in full when they are awarded but are recognized on the GAAP basis as they are expended and requested for reimbursement.

F. Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity

1. Deposits and Investments

Deposits are cash and cash equivalents including 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. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be Investments. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity (Continued)

Deposits and Investments (Continued)

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

2. Short-term Interfund Receivables/Payables

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

3. Inventories

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

4. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on the following assets is provided on the straight-line basis over the following estimated useful lives:

| | |
|-------------------------|-------------|
| Buildings | 20-50 years |
| Machinery and Equipment | 5-10 years |

Land and Construction in Progress are not depreciated.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity (Continued)

5. Fund Equity

Restricted represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Assigned fund balances represent plans for future use of financial resources.

6. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Unearned Revenue:

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

8. 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 no prepaid expenses for the fiscal year ended June 30, 2021.

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.

9. Accrued Liabilities and Long-Term Obligations:

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

10. Revenues — Exchange and Non-Exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity (Continued)

Revenues — Exchange and Non-Exchange Transactions (continued):

On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Charter School, available means within sixty days of the fiscal year end.

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance and interest.

11. 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 Charter School 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 Charter School 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.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity (Continued)

12. Operating Revenues and Expenses:

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

13. Allocation of Indirect Expenses:

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

14. Extraordinary and Special Items:

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

15. 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.

16. Net Position/Fund Balance

The Charter School implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, during the current fiscal year.

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity (Continued)

17. Net Position/Fund Balance (continued)

This statement defines net position as the residual of all other elements presented in statement of financial position. It is the difference between (1) assets and deferred outflows of resources and (2) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

In the Government-Wide Statements, there are three classes of net position:

Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets or related debt also should be included.

Restricted Net Position – reports net position when constraints placed on the residual amount of noncapital assets are either imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – any portion of net position not already classified as either net investment in capital assets or net position-restricted.

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

H. Fund Balance Reserves

Unassigned – Includes amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund. The Charter School reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reserves (continued)

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

I. Impact of Recently Issued Accounting Principles

During fiscal years 2021 through 2022, the District adopted the following GASB statements as required:

The Charter School has adopted the following as of June 30, 2021:

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

The GASB has issued the following Statement(s) that will become effective for the Charter School for fiscal years ending after June 30, 2021

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

J. Pensions

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

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks of which the deposits are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

As of June 30, 2021, cash and cash equivalents of the Charter School consisted of the following:

| | General Fund | Special Revenue | Proprietary Fund | Fiduciary Funds | Total |
|----------------------|-----------------|--------------------|---------------------|--------------------|------------|
| Operating Account | \$ 99,516 | \$ - | \$ 840 | \$ - | \$ 100,356 |

The Charter School had no investments at June 30, 2021.

The carrying amount of the School's cash and cash equivalents at June 30, 2021 was \$100,356 and the bank balance was \$100,356. All bank balances were covered by federal depository insurance (FDIC) and/or by a collateral pool maintained by the banks as required by GUDPA.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES (CONTINUED)

Deposits and Investments (Continued)

Deposits (Continued)

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures* ("GASB 40"), the Charter School's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the Charter School would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by a pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

As of June 30, 2021, none of the cash and cash equivalents for International Charter School of Trenton were exposed to custodial credit risk.

The Charter School does not have a policy for the management of custodial credit risk, except as noted above, other than depositing all of its funds in banks covered by GUDPA.

Investments

New Jersey statutes (N.J.S.A.18A:20-37) permit the Charter School to purchase the following types of securities:

- a. When authorized by resolution adopted by a majority vote of all its board members, the Charter School may use moneys which may be in hand for the purchase of the following types of securities, which, if suitable for registry, may be registered in the name of the Charter School;
 - (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
 - (2) Government money market mutual funds;
 - (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest no dependent on any index or other external factor;
 - (4) Bonds or other obligations of the charter school or bonds or other obligations of local unit or units within which the charter school is located;

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES (CONTINUED)

Investments (Continued)

- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by charter schools;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or
- (8) Agreements for the repurchase of fully collateralized securities, if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days; and
 - d. the underlying securities are purchased through a public depository as defined in Section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

Credit Risk: The Charter School does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosures be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The Charter School did not have any investments at June 30, 2021.

Interest Rate Risk: The Charter School does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Charter School did not have any investments at June 30, 2021.

Concentration of Credit Risk: The Charter School places no limit on the amount they may invest in any one issuer. The Charter School did not have any investments at June 30, 2021.

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3: RECEIVABLES

Receivables at June 30, 2021, consisted of accounts, intergovernmental, grants, and miscellaneous.

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

| | Governmental Funds | | | Proprietary Fund | Total | | Total |
|------------------------------------|--------------------|----------------------|-------------------------------|-------------------|--------------------------|-----------------|----------|
| | General Fund | Special Revenue Fund | Total Governmental Activities | Food Service Fund | Business Type Activities | Fiduciary Funds | |
| State Awards | \$ 11,171 | \$ - | \$ 11,171 | \$ 137 | \$ 137 | | \$11,308 |
| Federal Awards | | 31,109 | 31,109 | 3,159 | 3,159 | | 34,268 |
| Other | - | - | - | - | - | | - |
| Gross Receivables | 11,171 | 31,109 | 42,280 | 3,296 | 3,296 | | 45,576 |
| Less: Allowance for Uncollectibles | - | - | - | - | - | | - |
| Total Receivables, Net | \$ 11,171 | \$ 31,109 | \$ 42,280 | \$ 3,296 | \$ 3,296 | | \$45,576 |

A. Interfund Receivables and Payables

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

The following interfund balances remained on the fund financial statements at June 30, 2021:

| Fund | Interfund Receivable | Interfund Payable |
|----------------------|----------------------|-------------------|
| General Fund | \$ 35,006 | \$ - |
| Special Revenue Fund | | 31,109 |
| Capital Projects | | |
| Proprietary Fund | (3,897) | |
| Fiduciary Fund | | |
| Total | \$ 31,109 | \$ 31,109 |

Interfund balances are expected to be liquidated by June 30, 2022

B. Capital Assets

There was no capital asset activity for the fiscal year ended June 30, 2021.

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by charter schools in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the Charter School has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 4: DETAILED DISCLOSURES REGARDING LIABILITIES AND EXPENSES/
EXPENDITURES**

Rental Lease

The School operates under a Business Lease (“Lease”) agreement to lease classroom and office space in portions of the Bishop Beky Center of the Hungarian Reformed Church located at 105 Grand Avenue, Trenton, New Jersey. The lease is dated July 1, 2018, and the term of the lease is for five (5) years, and runs through June 30, 2022. Per the lease, the School deposited with the landlord a security deposit of \$6,600 in an interest bearing account. Total lease payments made during the year ended June 30, 2021 were \$80,540. In addition, the lease obligates the School to be responsible for 80% of the utility costs. Future rent costs are as follows:

| | | |
|----------|------|-----------|
| June 30, | 2022 | 96,048 |
| | | \$ 96,048 |

NOTE 5: PENSION PLANS

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

A. Public Employees’ Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5: PENSION PLANS (CONTINUED)

Benefits Provided (Continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation

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

Allocation Methodology and Reconciliation to Financial Statements

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ration of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2019 through June 30, 2020. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

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

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5: PENSION PLANS (CONTINUED)

Allocation Methodology and Reconciliation to Financial Statements (Continued)

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedule of pension amounts by employer. The allocation percentages for each group as of June 30, 2020 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2021.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The state's pension contributions is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment amounts certified for payments due not be included in their unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. The Charter School contributions to PERS amounted to \$32,068 for fiscal year 2021.

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

At June 30, 2021, the Charter School reported a liability of \$ 546,859 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 which was rolled forward to 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 members, actuarially determined. At June 30, 2020 measurement date, the Charter School's proportion was 0.00335345%, which was an increase of 0.00013623% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the Charter School recognized pension expense of \$ 32,068 . At June 30, 2021, the Charter School reported deferred outflows of resources and deferred related to pensions from the following sources.

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5: PENSION PLANS (CONTINUED)

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Changes in Assumptions | \$ 43,216 | \$ 228,975 |
| Difference Between Expected and Actual Experience | 9,957 | 1,934 |
| Changes in Proportion | 89,660 | 9,896 |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | 18,692 | - |
| | <u>\$ 161,525</u> | <u>\$ 240,805</u> |

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.16, 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years for the 2020, 2019, 2018, 2017, 2016, 2015, and 2014 amounts, respectively.

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

| Fiscal Year Ending June 30, | Total |
|--------------------------------|--------------------|
| 2021 | \$ (29,483) |
| 2022 | (26,880) |
| 2023 | (15,361) |
| 2024 | (6,212) |
| 2025 | (1,343) |
| | <u>\$ (79,280)</u> |

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5: PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuations as of July 1,2019. This actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

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

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

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long Term Expected Rate of Return

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

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (Continued)

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

| Asset Class | Allocation | Return |
|-----------------------------------|------------|--------|
| US Equity | 27.00% | 7.71% |
| Non-U.S. Developed Markets Equity | 13.50% | 8.57% |
| Emerging Markets Equity | 5.50% | 10.23% |
| Private Equity | 13.00% | 11.42% |
| Real Assets | 3.00% | 9.73% |
| Real State | 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% | 50.00% |
| U.S. Treasuries | 5.00% | 1.94% |
| Risk Mitigation Strategies | 3.00% | 3.40% |
| | | |
| | | |
| | | |

Discount Rate

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

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5: PENSION PLANS (CONTINUED)

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

| Measurement Date June 30, 2020 | | | |
|---|------------|---------------|------------|
| | 1% | Current | 1% |
| | Decrease | Discount Rate | Increase |
| | (6.00%) | (7.00%) | (8.00%) |
| Charter School proportionate share of the Net Pension Liability | \$ 693,818 | \$ 546,859 | \$ 430,110 |
| Measurement Date June 30, 2019 | | | |
| | 1% | Current | 1% |
| | Decrease | Discount Rate | Increase |
| | (5.28%) | (6.28%) | (7.28%) |
| Charter School proportionate share of the Net Pension Liability | \$ 737,340 | \$ 579,693 | \$ 454,283 |

Pension Plan Fiduciary Net Position

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

B. Teacher's Pension Annuity Fund (TPAF)

Pension Description

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

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5: PENSION PLANS (CONTINUED)

Teacher’s Pension Annuity Fund (TPAF) (Continued)

Benefit Provided

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

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

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

Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows in resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the State’s actual contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2020 measurement date. Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5: PENSION PLANS (CONTINUED)

Allocation Methodology (Continued)

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

Special Funding Situation

The Employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the Charter School. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal year ended 2021, the State of New Jersey contributed to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$ 15,079 .

As June 30, 2021, the State's proportionate share of the net pension liability associated with the Charter School was \$ 3,626,247 . 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 June 30, 2019 which was rolled forward to 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 members, actuarially determined. At June 30, 2020 measurement date, Charter School's proportion was 0.0055069%, which was an decrease of 0.0000801% from its proportion measured as of June 30, 2019.

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5: PENSION PLANS (CONTINUED)

Special Funding Situation (Continued)

| | | |
|---|-----------|------------------|
| Charter School's Proportionate Share of the Net Pension Liability | \$ | - |
| State's Proportionate Share of the Net Pension Liability Associated with the Charter School | | 3,626,247 |
| Total | \$ | 3,626,247 |

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the Charter School in the amount of \$ 225,495 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2021 financial statements.

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Changes in Assumptions | \$ 7,815,939,253 | \$ 14,241,964,752 |
| Difference Between Expected and Actual Experience | 986,767,511 | 182,357,860 |
| Changes in Proportion and differences between employer contributions and proportionate share of contributions | 167,666,229 | 167,666,229 |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | 656,175,235 | - |
| | <u>\$ 9,626,548,228</u> | <u>\$ 14,591,988,841</u> |

The \$ 9,626,548,228 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$ 14,591,988,841 reported as a deferred inflow of resources resulting from the difference between projected and actual.

| Fiscal Year Ending June 30, | Total |
|--------------------------------|---------------------------|
| 2021 | \$ (262,056,928) |
| 2022 | (188,358,995) |
| 2023 | (774,174,971) |
| 2024 | (1,939,112,462) |
| 2025 | (1,466,451,639) |
| Thereafter | (335,285,618) |
| | <u>\$ (4,965,440,613)</u> |

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5: PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

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

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long Term Expected Rate of Return

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

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (Continued)

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------------|-------------------|--|
| U.S. Equity | 27.00% | 7.71% |
| Non-U.S. Developed Markets Equity | 13.50% | 8.57% |
| Emerging Markets 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% | 50.00% |
| U.S. Treasuries | 5.00% | 1.94% |
| Risk Mitigation Strategies | 3.00% | 3.40% |
| | | |
| | | |
| | | |
| | | |
| | | |

Discount Rate

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 June 30, 2020 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be 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.

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5: PENSION PLANS (CONTINUED)

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

The following presents the net pension liability of the State as of June 30, 2020 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| Measurement Date June 30, 2020 | | | | |
|---|--------------|---------------|--------------|--|
| | 1% | Current | 1% | |
| | Decrease | Discount Rate | Increase | |
| | (4.60%) | (5.60%) | (6.60%) | |
| Charter School's proportionate share of the Net Pension Liability | \$ 4,268,812 | \$ 3,634,216 | \$ 3,107,290 | |
| Measurement Date June 30, 2019 | | | | |
| | 1% | Current | 1% | |
| | Decrease | Discount Rate | Increase | |
| | (4.60%) | (5.60%) | (6.60%) | |
| Charter School's proportionate share of the Net Pension Liability | \$ 3,936,893 | \$ 3,338,553 | \$ 2,842,120 | |

Pension Plan Fiduciary Net Position – TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) (Continued)

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

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

For DCRP, the Charter School recognized no pension expense for the fiscal year ended June 30, 2021. There were no employee contributions to DCRP for the fiscal year ended June 30, 2021.

NOTE 6: POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14- 17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP).

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6: POST-RETIREMENT BENEFITS

General Information about the OPEB Plan (continued)

Actuarial Assumptions and Other Inputs (continued)

This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

| Inflation Rate | 2.50% | | | |
|------------------|-------|------------------|------------------|------------------|
| | | TPAF/ABP | PERS | PFRS |
| Salary Increases | | | | |
| Through 2026 | | 1.55% to 4.45% | 2.00% to 6.00% | 3.25% to 15.25% |
| | | based on service | based on service | based on service |
| | | years | years | years |
| Rate thereafter | | 1.55% to 4.45% | 3.00% to 7.00% | Applied to all |
| | | based on service | based on service | future |
| | | years | years | years |

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020

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%.

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6: POST-RETIREMENT BENEFITS

General Information about the OPEB Plan (continued)

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

The following presents the total nonemployer OPEB liability measured as of June 30, 2020, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

| | Measurement Date Ended June 30, 2020 | | | |
|----------------------|--------------------------------------|--|------------|----------|
| | At 1% | | Trend Rate | At 1% |
| | decrease | | | Increase |
| Total OPEB Liability | \$ - | | \$ - | \$ - |

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

For the fiscal year ended June 30, 2021 the Charter School recognized OPEB revenue and expense of \$ 470,872 in the government-wide financial statements for the State's proportionate share of the OPEB Plans OPEB expenses, associated with the Charter School. This expense and revenue was based on the OPEB Plan's June 30, 2020 measurement date.

In accordance with GASB Statement 75, as the Charter School's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At the measurement date June 30, 2020 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows Of Resources | Deferred Inflows Of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between Actual and Expected Experience | \$ - | \$ - |
| Net Difference between Expected and Actual Earnings on OPEB Plan Investments | - | - |
| Assumption Changes | | - |
| Sub Total | - | - |
| Contributions Made in Fiscal Year 2020 after June 30, 2019 Measurement Date | TBD | N/A |
| Total | - | - |

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6: POST-RETIREMENT BENEFITS

General Information about the OPEB Plan (continued)

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

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

| Measurement Period ending June 30 | |
|-----------------------------------|------|
| 2020 | \$ - |
| 2021 | \$ - |
| 2022 | \$ - |
| 2023 | \$ - |
| 2024 | \$ - |
| Total Thereafter | \$ - |
| | \$ - |

NOTE 7: RISK MANAGEMENT

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

The Charter School is a member of the New Jersey School Boards Association Insurance Group, Educational Risk and Insurance Consortium (the Consortium). The Consortium is both an insured and self-administered group of school Charter Schools established for the purpose of providing certain low-cost workers' compensation, employees' liability, automobile and equipment liability, general liability and boiler and machinery insurance coverage for member school Charter Schools in order to keep local property taxes at a minimum. The Charter School pays an annual assessment to the Consortium and should it be determined that payments received by the Consortium are deficient, additional assessments may be levied. Additionally, the Consortium maintains a contract of excess insurance with a commercial reinsurer to secure the payment of benefits.

The Charter School continues to carry commercial insurance coverage for all other risks of loss, including health and accident insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8: 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 \$164,627 , \$42,569 , \$51,591 , and \$59 , respectively.

NOTE 9: 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 10: 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 11: DETAILED DISCLOSURE REGARDING FUND EQUITY

General Fund

The General Fund balance at June 30, 2021 is \$133,254 and is unassigned and undesignated.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12: SUBSEQUENT EVENTS

Subsequent events were evaluated through February 1, 2022, the date the financial statements were available to be issued.

NOTE 13: IMPACT OF 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 Company’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

Although the Charter School cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material effect on the Charter School’s results of future operations, financial position, and liquidity in fiscal year 2022.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULE

INTERNATIONAL CHARTER SCHOOL OF TRENTON

General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

| | 2021 | | | | |
|---|--------------------|---------------------|-----------------|-----------|-----------------------------|
| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
| REVENUES: | | | | | |
| Local Levy Budget: | | | | | |
| Equalization Aid Local Share-Charter School Aid | \$ 126,213 | \$ - | \$ 126,213 | \$ - | \$ (126,213) |
| Total Local Levy Budget | 126,213 | - | 126,213 | - | (126,213) |
| Categorical Aid: | | | | | |
| Equalization Aid State Share-Charter School Aid | 1,041,206 | | 1,041,206 | 1,066,901 | 25,695 |
| Special Education Categorical Aid | 36,537 | | 36,537 | 26,117 | (10,420) |
| Security Aid | 46,694 | | 46,694 | 49,079 | 2,385 |
| Non Public Aid | | | | 112,971 | 112,971 |
| Total Categorical Aid | 1,124,437 | - | 1,124,437 | 1,255,068 | 130,631 |
| Revenues From Other Sources: | | | | | |
| Miscellaneous Revenue | | | | 4,851 | 4,851 |
| Reimbursed Social Security Contributions | | | | 42,569 | 42,569 |
| On-Behalf TPAF(Non-Budget) | | | | | |
| Post Retirement Medical Contributions | | | | 51,591 | 51,591 |
| Non Contributory Insurance Contributions | | | | 59 | 59 |
| Pension Contributions | | | | 164,627 | 164,627 |
| Total Revenues From Other Sources | - | - | - | 263,697 | 263,697 |
| Total Revenues | 1,250,650 | - | 1,250,650 | 1,518,765 | 268,115 |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Kindergarten: Salaries of Teachers | - | - | - | - | - |
| Grades 1-5: Salaries of Teachers | 356,862.00 | | 356,862 | 353,290 | 3,572 |
| Other Salaries for Instruction | 164,075 | 4,776 | 168,851 | 160,470 | 8,381 |
| Purchased Prof/Tech Services | 43,000 | - | 43,000 | 3,561 | 39,439 |
| Other Purchased Services | 14,800 | - | 14,800 | 11,113 | 3,687 |
| General Supplies | 35,000 | - | 35,000 | 23,089 | 11,911 |
| Textbooks | 6,500 | - | 6,500 | 2,202 | 4,298 |
| Miscellaneous | 500 | - | 500 | 206 | 294 |
| Total Instruction | 620,737 | 4,776 | 625,513 | 553,931 | 71,582 |
| Administration: | | | | | |
| Salaries - General Administration | 203,981 | - | 203,981 | 203,881 | 100 |
| Salaries of Secretarial/Clerical Assistants | 42,860 | - | 42,860 | 37,144 | 5,716 |
| Total Benefits Cost | 170,150 | - | 170,150 | 146,455 | 23,695 |
| Purchases Prof/Tech Services | 38,600 | (563) | 38,037 | 33,431 | 4,606 |
| Communications/Telephone | 3,500 | 563 | 4,063 | 4,038 | 25 |
| Supplies and Materials | 2,000 | - | 2,000 | 80 | 1,920 |
| Miscellaneous Expenses | 17,850 | | 17,850 | 10,941 | 6,909 |
| Total Administration | 478,941 | - | 478,941 | 435,970 | 42,971 |

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON

General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

| | 2021 | | | | |
|--|--------------------|---------------------|--------------------|-------------------|-----------------------------|
| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
| (Continued from Prior Page) | | | | | |
| Support Services: | | | | | |
| Salaries | \$ 72,277 | \$ (4,776) | \$ 67,501 | \$ 57,277 | \$ 10,224 |
| Purchased Prof/Tech Services | 27,450 | 31 | 27,481 | 21,752 | 5,729 |
| Rental of Land and Buildings | 90,540 | (781) | 89,759 | 80,540 | 9,219 |
| Other Purchased Services | 41,700 | - | 41,700 | 28,556 | 13,144 |
| Insurance for Property, Liability and Fidelity | 11,500 | 750 | 12,250 | 12,250 | |
| Supplies and Materials | 1,700 | - | 1,700 | 127 | 1,573 |
| Energy Costs (Heat and Electricity) | 9,800 | - | 9,800 | 6,313 | 3,487 |
| Miscellaneous Expenses | 200 | - | 200 | | 200 |
| Total Support Services | <u>255,167</u> | <u>(4,776)</u> | <u>250,391</u> | <u>206,815</u> | <u>43,576</u> |
| Reimbursed TPAF Social Security Contributions On-Behalf TPAF (Non-Budgeted) | | | | 42,569 | (42,569) |
| Post Retirement Medical Contributions | | | | 51,591 | (51,591) |
| Non Contributory Insurance Contributions | | | | 59 | (59) |
| Pension Contribution | | | | 164,627 | (164,627) |
| Total Expenditures | <u>1,354,845</u> | <u>-</u> | <u>1,354,845</u> | <u>1,455,562</u> | <u>115,560</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (104,195) | - | (104,195) | 63,203 | 167,398 |
| FUND BALANCE, JULY 1 | <u>34,229</u> | <u>-</u> | <u>34,229</u> | <u>70,051</u> | <u>35,822</u> |
| FUND BALANCE, JUNE 30 | <u>\$ (69,966)</u> | <u>\$ -</u> | <u>\$ (69,966)</u> | <u>\$ 133,254</u> | <u>\$ 203,220</u> |
| Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures | | | | | |
| Budgeted Fund Balance | \$ (69,966) | \$ - | \$ (69,966) | \$ 133,254 | \$ 203,220 |
| Total | <u>\$ (69,966)</u> | <u>\$ -</u> | <u>\$ (69,966)</u> | <u>\$ 133,254</u> | <u>\$ 203,220</u> |

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|---------------------|---------------------|---------------------|----------------|-----------------------------|
| REVENUE SOURCES: | | | | | |
| Intermediate | | | | | |
| Federal | \$ - | \$ - | \$ - | \$ 155,350 | \$ 155,350 |
| Total Revenues | - | - | - | 155,350 | 155,350 |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries | 60,509 | | 60,509 | 3,200 | 57,309 |
| Salaries of Teachers | - | - | - | 40,622 | (40,622) |
| Other Salaries for Instruction | | | - | - | |
| Purchased Prof/Tech Services | | - | - | - | |
| Other Purchased Services | 40,000 | - | 40,000 | | 40,000 |
| General Supplies | 55,718 | | 55,718 | 32,734 | 22,984 |
| Total Instruction | 156,227 | - | 156,227 | 76,556 | 79,671 |
| Support Services: | | | | | |
| Personal Services - Employee Benefits | 25,081 | | 25,081 | 24,005 | 1,076 |
| Purchased Technical Services | 71,549 | | 71,549 | 40,620 | 30,929 |
| Other Purchased Prof/Tech Services | 39,404 | | 39,404 | - | 39,404 |
| Supplies and Materials | 14,169 | | 14,169 | 14,169 | - |
| Total Support Services | 175,203 | - | 175,203 | 78,794 | 96,409 |
| Total Expenditures | 370,490 | - | 370,490 | 155,350 | 215,140 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ (370,490) | \$ - | \$ (370,490) | \$ - | \$ 370,490 |

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II

INTERNATIONAL CHARTER SCHOOL OF TRENTON

Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
Fiscal Year Ended June 30, 2021

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

| | <u>General Fund</u> | <u>Special Revenue Fund</u> |
|---|---------------------------|-------------------------------------|
| Sources/Inflows of Resources | | |
| Actual amounts (budgetary) "revenues" from the budgetary comparison schedules | [C-1] \$ 1,518,765 | [C-2] \$ 155,350 |
| Difference - Budget to GAAP Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized | <hr/> | <hr/> |
| Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds. | [B-2] \$ <u>1,518,765</u> | [B-2] \$ <u>155,350</u> |
| Uses/Outflows of resources | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | [C-1] \$ 1,455,562 | [C-2] \$ 155,350 |
| Differences - Budget to GAAP: Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes. | <hr/> | <hr/> |
| Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. | [B-2] \$ <u>1,455,562</u> | [B-2] \$ <u>155,350</u> |

REQUIRED SUPPLEMENTARY INFORMATION – PART III

***SECTION L RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS
(GASB 68)***

INTERNATIONAL CHARTER SCHOOL OF TRENTON
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST SEVEN FISCAL YEARS
 UNAUDITED

| | Fiscal Year Ending June 30, | | | | | | |
|---|-----------------------------|-------------|--------------|--------------|--------------|--------------|--------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Charter School's proportion of the net pension liability | 0.00250672% | 0.00279090% | 0.002790900% | 0.002628000% | 0.002644200% | 0.003217212% | 0.003353445% |
| Charter School's proportionate share of the net pension liability | \$ 469,326 | \$ 593,909 | \$ 826,586 | \$ 610,560 | \$ 520,560 | \$ 579,693 | \$ 546,859 |
| Charter School's covered employees payroll | \$ 190,272 | \$ 178,861 | \$ 178,861 | \$ 231,159 | \$ 241,325 | \$ 250,982 | \$ 215,027 |
| Charter School's proportionate share of the net pension liability as a percentage of its covered employee payroll | 247% | 332% | 462% | 264% | 216% | 231% | 254% |
| Plan fiduciary net position as a percentage of the total pension liability | 48.72% | 52.08% | 47.93% | 45.37% | 45.37% | 45.37% | 58.32% |

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF THE CHARTER SCHOOL CONTRIBUTIONS
 PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST SEVEN FISCAL YEARS
 UNAUDITED

| | Fiscal Year Ending June 30, | | | | | | |
|--|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Contractually required contribution | \$ 20,665 | \$ 23,345 | \$ 25,345 | 25,345 | 26,987 | 32,068 | 37,308 |
| Contributions in relation to the contractually required contribution | <u>(20,665)</u> | <u>(20,665)</u> | <u>(25,345)</u> | <u>(25,345)</u> | <u>(26,987)</u> | <u>(32,068)</u> | <u>(37,308)</u> |
| Contribution deficiency/(excess) | <u>\$ -</u> | <u>\$ 2,680</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Charter School's covered payroll (fiscal year) | \$ 190,272 | \$ 178,861 | \$ 178,861 | \$ 231,159 | \$ 241,325 | \$ 250,982 | \$ 215,027 |
| Contributions as a percentage of covered employee payroll | 10.86% | 13.05% | 14.17% | 10.96% | 11.18% | 12.78% | 17.35% |

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHER'S PENSION AND ANNUITY FUND
 LAST SEVEN FISCAL YEARS
 UNAUDITED

| | Fiscal Year Ending June 30, | | | | | | |
|--|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| State's proportion of the net pension liability attributable of the Charter School | 0.00504274% | 0.00563484% | 0.00613830% | 0.00613830% | 0.00613830% | 0.00542685% | 0.00550693% |
| State's proportionate share of the net pension liability attributable to the Charter School | \$ 2,695,182 | \$ 3,561,108 | \$ 4,891,419 | \$ 4,138,693 | \$ 3,458,835 | \$ 3,330,512 | \$ 3,626,247 |
| Charter School's covered payroll (Plan Measurement Date) | \$ 664,291 | \$ 566,232 | \$ 566,232 | \$ 593,976 | \$ 552,118 | \$ 610,773 | \$ 607,167 |
| Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll | 405.72% | 628.91% | 863.85% | 696.78% | 626.47% | 545.29% | 597.24% |
| Plan fiduciary net position as a percentage of the total pension liability | 33.64% | 28.71% | 22.33% | 22.33% | 36.03% | 26.95% # | 24.48% |

***SECTION M SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS***

International Charter School of Trenton
Required Supplementary Information Schedules
Schedule of Changes in the Charter School's Net OPEB Liability and Related Ratios
Last Five Plan Years
(Unaudited)

| | Measurement Date | | | | |
|---|------------------|---------------|---------------|---------------|---------------|
| | June 30, 2017 | June 30, 2017 | June 30, 2018 | June 30, 2019 | June 30, 2020 |
| <u>Total Non-Employer OPEB Liability- States's Proportionate Share of the Total OPEB Liability Associated with the Charter School</u> | | | | | |
| OPEB Liability at Beginning of Measurement Period | | \$ 821,188 | \$ 1,211,803 | \$ 1,964,364 | \$ 2,117,767 |
| Service cost | | 638,867 | 529,019 | 528,043 | 577,890 |
| Interest on Total OPEB Liability | | 41,229 | 61,422 | 95,247 | 94,348 |
| Difference between expected and actual experience | NOT AVAILABLE | | 438,252 | (438,381) | (2,790,005) |
| Effect of Changes of Assumptions | | (262,447) | (225,421) | 31,576 | - |
| Member Contributions | | 1,034 | 1,815 | 1,927 | - |
| Gross Benefits Paid by the State | | (28,068) | (52,526) | (65,009) | - |
| Net Change in Non-Employer OPEB Liability | NOT AVAILABLE | 390,615 | 752,561 | 153,403 | (2,117,767) |
| Total Non-Employer Liability at Beginning of Measurement Period | | 821,188 | 1,211,803 | 1,964,364 | 2,117,767 |
| Total Non-Employer Liability at End of Measurement Period | | 821,188 | 1,211,803 | 1,964,364 | 2,117,767 |

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

Notes to Schedule:

Changes in benefit terms:

None

Differences Between Expected and Actual Experiences:

Differences Between Expected and Actual Experiences: The decrease in the Total OPEB Liability from June 30, 2018 to June 30, 2019 is due to changes in the census claims and premium experiences. The increase in liability from June 30, 2019 to June 30, 2020 is due to changes in the census, claims and premiums experience.

Changes in Assumptions:

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR FISCAL YEAR ENDED JUNE 30, 2021

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020 in accordance with Paragraph 44 of GASB Statement No. 67.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHER'S PENSION AND ANNUITY FUND
FOR FISCAL YEAR ENDED JUNE 30, 2021

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020 in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

**SECTION E – SPECIAL REVENUE FUND
DETAIL STATEMENTS**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expandable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

International Charter School of Trenton
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2021

E-1

| | NCLB Title I | I.D.E.A. Part B | Elementary and Secondary School Emergency Relief Fund | Corona Relief Fund | Grand Total |
|---|-----------------|--------------------|--|--------------------------|----------------|
| REVENUE SOURCES: | | | | | |
| Federal | \$ 65,077 | \$ 28,624 | \$ 48,927 | \$ 12,722 | \$ 155,350 |
| Total Revenues | <u>65,077</u> | <u>28,624</u> | <u>48,927</u> | <u>12,722</u> | <u>155,350</u> |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries | - | | 3,200 | | 3,200 |
| Salaries of Teachers | 40,622 | | | | 40,622 |
| General Supplies | 450 | - | 29,094 | 3,190 | 32,734 |
| Total Instruction | <u>41,072</u> | <u>-</u> | <u>32,294</u> | <u>3,190</u> | <u>76,556</u> |
| Support Services: | | | | | |
| Personal Services - Employee Benefits | 24,005 | - | | | 24,005 |
| Purchased Prof/Ed Services | - | 28,624 | | | 28,624 |
| Other Purchased Prof/Tech Services | - | | 6,213 | 5,783 | 11,996 |
| Supplies and Materials | - | - | 10,420 | 3,749 | 14,169 |
| Total Support Services | <u>24,005</u> | <u>28,624</u> | <u>16,633</u> | <u>9,532</u> | <u>78,794</u> |
| Total Expenditures | <u>65,077</u> | <u>28,624</u> | <u>48,927</u> | <u>12,722</u> | <u>155,350</u> |
| Total Outflows | <u>65,077</u> | <u>28,624</u> | <u>48,927</u> | <u>12,722</u> | <u>155,350</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

**SECTION G – PROPRIETARY FUNDS
DETAIL STATEMENTS**

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

Food Services Fund – This fund provides for the operation of food services in all schools within the charter school.

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

**STATISTICAL SECTION
(UNAUDITED)**

GASB requires that ten years of statistical data be presented. The following information is presented utilizing information available. Each year thereafter, an additional year's data will be included until ten years of data is presented.

Contents

Financial Trends

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

Revenue Capacity (Not Applicable to Charter School)

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources: Unless otherwise noted, the information in these schedule is derived from the annual comprehensive financial reports (ACFR) for the relevant year. The charter school implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedule presenting charter school-wide information include information beginning this year.

FINANCIAL TRENDS

INTERNATIONAL CHARTER SCHOOL OF TRENTON

Net Position by Component
(Accrual Basis of Accounting)
(Unaudited)
Last Ten Fiscal Years

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|------------|------------|
| Governmental Activities | | | | | | | | | | |
| Net Investment in Capital Assets Restricted | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,778 | \$ - | \$ - | \$ 13,750 | \$ 15,000 |
| Unrestricted | (492,885) | (550,458) | (494,144) | (451,721) | (424,559) | (386,354) | (439,078) | 89,833 | 200,975 | - |
| Total Governmental Activities Net Position (Deficit) | \$ (492,885) | \$ (550,458) | \$ (494,144) | \$ (451,721) | \$ (424,559) | \$ (384,576) | \$ (439,078) | \$ 89,833 | \$ 216,410 | \$ 215,975 |
| Business-Type Activities | | | | | | | | | | |
| Net Investment in Capital Assets/ Invested in capital assets, net of related debt Unrestricted | \$ - | \$ 5,278 | \$ 11,912 | \$ 28,578 | \$ 17,589 | \$ 10,171 | \$ 3,942 | \$ 4,716 | \$ 4,716 | \$ 4,716 |
| Total Business-Type Activities Net Position | \$ 239 | \$ 5,278 | \$ 16,628 | \$ 33,294 | \$ 22,305 | \$ 14,887 | \$ 8,658 | \$ 5,522 | \$ 13,198 | \$ 8,900 |
| Charter School-wide | | | | | | | | | | |
| Net Investment in Capital Assets Restricted | \$ - | \$ - | \$ 4,716 | \$ 4,716 | \$ 4,716 | \$ 4,716 | \$ 4,716 | \$ 4,716 | \$ 18,466 | \$ 19,716 |
| Unrestricted | (492,646) | (545,180) | (482,232) | (423,143) | (406,970) | (376,183) | (435,136) | 90,639 | 55,242 | 205,159 |
| Total Charter School Net Position | \$ (492,646) | \$ (545,180) | \$ (477,516) | \$ (418,427) | \$ (402,254) | \$ (369,689) | \$ (430,420) | \$ 95,355 | \$ 73,708 | \$ 224,875 |

Source: Annual Comprehensive Financial Report

INTERNATIONAL CHARTER SCHOOL OF TRENTON

Changes in Net Position
(Accrual Basis of Accounting)
(Unaudited)
Last Ten Fiscal Years

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Instruction | \$ 854,242 | \$ 838,261 | \$ 791,601 | \$ 785,882 | \$ 758,929 | \$ 814,923 | \$ 843,871 | \$ 859,722 | \$ 866,534 | \$ 941,557 |
| Administration | 922,631 | 1,279,137 | 667,364 | 440,761 | 360,112 | 370,736 | 356,069 | 327,799 | 340,619 | 436,774 |
| Support Services | 310,541 | 337,131 | 352,860 | 357,041 | 341,527 | 326,700 | 311,242 | 277,277 | 386,433 | 381,092 |
| Capital Outlay | - | - | - | - | - | - | - | - | - | 16,563 |
| Unallocated Depreciation | - | - | - | - | - | - | - | - | - | 1,250 |
| Total Governmental Activities Expenses | \$ 2,087,414 | \$ 2,454,529 | \$ 1,811,825 | \$ 1,583,684 | \$ 1,460,568 | \$ 1,512,359 | \$ 1,511,182 | \$ 1,464,798 | \$ 1,595,036 | \$ 1,777,236 |
| Business-Type Activities: | | | | | | | | | | |
| Food Service | 38,705 | 58,626 | 70,482 | 48,656 | 47,977 | 56,514 | 52,023 | 61,709 | 44,703 | 47,004 |
| Total Business-Type Activities Expenses | 38,705 | 58,626 | 70,482 | 48,656 | 47,977 | 56,514 | 52,023 | 61,709 | 44,703 | 47,004 |
| Total Charter School Expenses | \$ 2,126,119 | \$ 2,513,155 | \$ 1,882,307 | \$ 1,632,340 | \$ 1,508,545 | \$ 1,568,873 | \$ 1,563,205 | \$ 1,526,507 | \$ 1,639,739 | \$ 1,824,240 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Operating Grants and Contributions | \$ 68,686 | \$ 76,825 | \$ 42,209 | \$ 27,568 | \$ 19,667 | \$ 21,835 | \$ 17,452 | \$ 4,384 | \$ 4,216 | \$ 15,552 |
| Total Governmental Activities Program Revenues | \$ 68,686 | \$ 76,825 | \$ 42,209 | \$ 27,568 | \$ 19,667 | \$ 21,835 | \$ 17,452 | \$ 4,384 | \$ 4,216 | \$ 15,552 |
| Business-Type Activities: | | | | | | | | | | |
| Charges for Services | - | 1,984 | 3,681 | 4,141 | 3,887 | 9,881 | 3,447 | 3,311 | 2,799 | 2,837 |
| Operating Grants and Contributions | 33,666 | 45,292 | 50,135 | 55,504 | 51,508 | 52,862 | 51,712 | 46,202 | 44,078 | 44,077 |
| Total Business-Type Activities Program Revenues | \$ 33,666 | \$ 47,276 | \$ 53,816 | \$ 59,645 | \$ 55,395 | \$ 62,743 | \$ 55,159 | \$ 49,513 | \$ 46,877 | \$ 46,914 |
| | \$ 102,352 | \$ 124,101 | \$ 96,025 | \$ 87,213 | \$ 75,062 | \$ 84,578 | \$ 72,611 | \$ 53,897 | \$ 51,093 | \$ 62,466 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | \$ (2,018,728) | \$ (2,377,704) | \$ (1,769,616) | \$ (1,556,116) | \$ (1,440,901) | \$ (1,490,524) | \$ (1,493,730) | \$ (1,460,414) | \$ (1,590,820) | \$ (1,761,684) |
| Business-Type Activities | (5,039) | (11,350) | (16,666) | 10,989 | 7,418 | 6,229 | 3,136 | (12,196) | 2,174 | (90) |
| Total Charter School-wide Net Expense | \$ (2,023,767) | \$ (2,389,054) | \$ (1,786,282) | \$ (1,545,127) | \$ (1,433,483) | \$ (1,484,295) | \$ (1,490,594) | \$ (1,472,610) | \$ (1,588,646) | \$ (1,761,774) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Purposes | \$ 2,071,450 | \$ 2,314,779 | \$ - | \$ 103,636 | \$ 100,302 | \$ 110,118 | \$ 116,464 | \$ 114,047 | \$ 111,933 | \$ 116,865 |
| Federal and State Aid Not Restricted | - | - | 2,206,322 | 1,634,323 | 1,379,544 | 1,377,761 | 1,317,362 | 1,366,657 | 1,392,695 | 1,301,299 |
| Investment Earnings | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous Income | 4,851 | 6,611 | 12,272 | 17,598 | 3,499 | 3,621 | 1,068 | 3,721 | 35,442 | 30,840 |
| Total Governmental Activities | \$ 2,076,301 | \$ 2,321,390 | \$ 2,218,594 | \$ 1,755,557 | \$ 1,483,345 | \$ 1,491,500 | \$ 1,434,894 | \$ 1,484,425 | \$ 1,540,070 | \$ 1,449,004 |
| Total Charter School-wide | \$ 2,076,301 | \$ 2,321,390 | \$ 2,218,594 | \$ 1,755,557 | \$ 1,483,345 | \$ 1,491,500 | \$ 1,434,894 | \$ 1,484,425 | \$ 1,540,070 | \$ 1,449,004 |
| Change in Net Position | | | | | | | | | | |
| Governmental Activities | \$ 57,573 | \$ (56,314) | \$ 448,978 | \$ 199,441 | \$ 42,444 | \$ 976 | \$ (58,836) | \$ 24,011 | \$ (50,750) | \$ (312,680) |
| Business-Type Activities | (5,039) | (11,350) | (16,666) | 10,989 | 7,418 | 6,229 | 3,136 | (12,196) | 2,174 | (90) |
| Total Charter School | \$ 52,534 | \$ (67,664) | \$ 432,312 | \$ 210,430 | \$ 49,862 | \$ 7,205 | \$ (55,700) | \$ 11,815 | \$ (48,576) | \$ (312,770) |

Source: Annual Comprehensive Financial Report

INTERNATIONAL CHARTER SCHOOL OF TRENTON
 Fund Balances - Governmental Funds
 (Modified Accrual Basis of Accounting)
 (Unaudited)
 Last Ten Fiscal Years

| | Fiscal Year Ending June 30, | | | | | | | | | |
|-------------------------|-----------------------------|-----------|------------|------------|------------|------------|-----------|-----------|-----------|-----------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| General Fund Unassigned | 133,254 | 70,051 | 116,592 | 159,928 | 175,401 | 157,002 | 94,349 | 63,838 | 91,083 | 52,308 |
| Total General Fund | \$ 133,254 | \$ 70,051 | \$ 116,592 | \$ 159,928 | \$ 175,401 | \$ 157,002 | \$ 94,349 | \$ 63,838 | \$ 91,083 | \$ 52,308 |

Source: Annual Comprehensive Financial Report

INTERNATIONAL CHARTER SCHOOL OF TRENTON
 Changes in Fund Balances - Governmental Funds
 (Modified Accrual Basis of Accounting)

(Unaudited)
 Last Ten Fiscal Years

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|------------|-------------|-------------|-------------|------------|------------|------------|------------|------------|--------------|
| Revenues: | | | | | | | | | | |
| Local Sources: | | | | | | | | | | |
| Local Tax Levy | \$ - | \$ - | \$ - | \$ 103,636 | \$ 100,302 | \$ 110,118 | \$ 116,464 | \$ 114,047 | \$ 111,933 | \$ 116,865 |
| Interest In Investments | 4,851 | 6,611 | 12,272 | 17,598 | 3,499 | 3,621 | 1,068 | 3,721 | 35,442 | 30,840 |
| Miscellaneous | 1,513,914 | 1,566,643 | 1,430,594 | 1,308,245 | 1,292,336 | 1,260,361 | 1,287,960 | 1,218,417 | 1,224,264 | 1,260,201 |
| State Sources | 155,350 | 108,839 | 111,628 | 110,441 | 106,876 | 107,493 | 107,263 | 103,329 | 130,758 | 132,195 |
| Federal Sources | 1,674,115 | 1,682,093 | 1,554,494 | 1,539,920 | 1,503,012 | 1,481,583 | 1,512,745 | 1,439,514 | 1,502,397 | 1,540,101 |
| Total Revenues | | | | | | | | | | |
| | \$ 630,487 | \$ 626,637 | \$ 611,387 | \$ 615,686 | \$ 571,351 | \$ 569,410 | \$ 657,735 | \$ 665,458 | \$ 678,749 | \$ 676,940 |
| Expenditures: | | | | | | | | | | |
| Instruction | 694,816 | 803,865 | 667,696 | 615,696 | 612,317 | 557,020 | 539,771 | 521,592 | 538,609 | 634,720 |
| Administration | 285,609 | 298,132 | 318,747 | 324,011 | 300,945 | 290,722 | 284,728 | 246,264 | 246,264 | 367,230 |
| Support Services | - | - | - | - | - | - | - | - | - | 16,563 |
| Capital Outlay | 1,610,912 | 1,728,634 | 1,597,830 | 1,555,393 | 1,484,613 | 1,417,152 | 1,482,234 | 1,433,314 | 1,463,622 | 1,697,453 |
| Total Expenditures | | | | | | | | | | |
| | \$ 63,203 | \$ (46,541) | \$ (43,336) | \$ (15,473) | \$ 18,399 | \$ 64,431 | \$ 30,511 | \$ 6,200 | \$ 38,775 | \$ (157,352) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | | | | | | | | | | |
| | \$ 63,203 | \$ (46,541) | \$ (43,336) | \$ (15,473) | \$ 18,399 | \$ 64,431 | \$ 30,511 | \$ 6,200 | \$ 38,775 | \$ (157,352) |
| Net Change in Fund Balance | | | | | | | | | | |

Source: Annual Comprehensive Financial Report

INTERNATIONAL CHARTER SCHOOL OF TRENTON
 General Fund - Other Local Revenue by Source
(Modified Accrual Basis of Accounting)
 (Unaudited)
Last Ten Fiscal Years

| Fiscal Year Ending June 30, | Donations | Prior Year Refunds | Miscellaneous Revenue | Annual Total |
|-----------------------------------|-----------|-----------------------|--------------------------|-----------------|
| 2021 | \$ - | \$ - | \$ 4,851 | \$ 4,851 |
| 2020 | | - | 6,611 | 6,611 |
| 2019 | | | 12,272 | 12,272 |
| 2018 | - | - | 17,598 | 17,598 |
| 2017 | - | - | 3,499 | 3,499 |
| 2016 | - | - | 3,621 | 3,621 |
| 2015 | - | - | 1,068 | 1,068 |
| 2014 | - | - | 3,721 | 3,721 |
| 2013 | - | - | 35,442 | 35,442 |
| 2012 | - | - | - | - |

Source: Charter School records

OPERATING INFORMATION

INTERNATIONAL CHARTER SCHOOL OF TRENTON

Operating Statistics
(Unaudited)

Last Ten Fiscal Years

| Fiscal Year | Enrollment | Operating Expenditures ^a | Cost Per Pupil | Percentage Change | Teaching Staff ^b | Pupil/Teacher Ratio | Average Daily Enrollment (ADE) ^c | Average Daily Attendance (ADA) ^c | Percent Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|------------|-------------------------------------|----------------|-------------------|-----------------------------|---------------------|---|---|--|-------------------------------|
| 2021 | 89.0 | \$ 1,455,562 | \$ 16,355 | 2.85% | N/A | N/A | 89.09 | 85.6 | -1.02% | 96.11% |
| 2020 | 90.0 | 1,619,795 | 17,998 | 8.99% | N/A | N/A | 90.00 | 84.4 | 0.41% | 93.78% |
| 2019 | 90.0 | 1,486,202 | 16,513 | 2.85% | N/A | N/A | 89.63 | 85.9 | 0.26% | 95.84% |
| 2018 | 90.0 | 1,444,952 | 16,055 | 10.33% | N/A | N/A | 89.40 | 85.8 | -0.11% | 95.97% |
| 2017 | 90.0 | 1,309,659 | 14,552 | -4.75% | N/A | N/A | 89.50 | 86.3 | -0.54% | 96.42% |
| 2016 | 90.0 | 1,374,971 | 15,277 | 0.85% | N/A | N/A | 89.98 | 86.3 | 0.09% | 95.91% |
| 2015 | 90.0 | 1,363,430 | 15,149 | 2.29% | N/A | N/A | 89.90 | 86.7 | 0.00% | 96.44% |
| 2014 | 90.0 | 1,332,864 | 14,810 | -15.41% | N/A | N/A | 89.90 | 86.7 | 0.56% | 96.44% |
| 2013 | 89.0 | 1,558,258 | 17,509 | 0.93% | N/A | N/A | 89.40 | 85.8 | 0.45% | 95.97% |
| 2012 | 90.0 | 1,561,230 | 17,347 | 17.76% | N/A | N/A | 89.00 | 88.0 | 0.00% | 98.88% |

Sources: Charter School records

Note: Enrollment based on annual final Charter School count.

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
 Insurance Schedule
 June 30, 2021

| COVERAGE | LIMITS | SUMMARY |
|---|---|---|
| Package NJSBAIG P-836 09/16/20-21 | Covered Location | 105 Grand Street, Trenton, NJ 08618 |
| | \$5,000 | Money & Securities w/ \$500 Deductible |
| | \$5,000 | Money Orders/Counterfeit w/ \$500 Deductible |
| | \$118,000 | Board Treasurer w/ \$1,000 Deductible |
| | \$118,000 | Board Secretary/BA w/ \$1,000 Deductible |
| General Liability | \$5,000,000 | Single Limit for Bodily Injury and Property Damage |
| | \$5,000,000 | Products/Completed Operations Aggregate |
| | \$3,000,000 | Annual Aggregate for Child Molestation/Sexual Abuse |
| | \$5,000,000 | Each Occurrence for Personal Injury/Advertising Injury |
| | \$5,000,000 | Each Claim for Employee Benefits Liability |
| | \$1,000 | Premise Medical Payments Per Person w/ \$100 Deductible |
| Automobile Liability | \$5,000,000 | Hired/Non Owned Automobile Limit |
| Student Accident Markel Insurance Company 9/16/20-21 \$694 | \$1,000,000 \$10,000 | Accidental Medical Excess Benefit (Gold Plan) AD&D |
| School Leaders E&O NJSBAIG E-836 9/16/20-21 \$3,889 | \$1,000,000 \$100,000 \$300,000 | Coverage A Each Loss w/ \$5,000 Deductible Coverage B Each Loss w/ \$5,000 Deductible Coverage B Annual Aggregate |
| Workers' Compensation NJSBAIG W-836 9/16/20-21 \$17,385 \$777,362 School Professional \$55,824 School Non-Professional 0.8706 MOD | \$1,000,000 \$1,000,000 \$1,000,000 | Each Accident Each Employee Policy Limit |
| Supplemental Indemnity NJSBAIG 64775774 9/16/20-21 \$500 | Statutory | 7-Day Waiting Period |

New Jersey Performance Framework Financial Ratios
International Charter School of Trenton
Audited Performance Indicators

J-21

| | 2019 Audit | 2020 Audit | 2021 Audit | Source |
|---|---------------|---------------|---------------|--------------------------------|
| Cash | \$ 97,343 | \$ 40,002 | \$ 100,356 | Audit: Exhibit A-1 |
| Current Assets (include cash) | 185,933 | 75,628 | 145,932 | Audit: Exhibit A-1 |
| Current Liabilities | 52,713 | 299 | 12,439 | Audit: Exhibit A-1 |
| Total Expenses | 2,373,745 | 2,513,155 | 2,126,119 | Audit: Exhibit A-2 |
| Change in Net Position | (59,126) | (67,664) | 52,534 | Audit: Exhibit A-2 |
| Final Average Daily Enrollment (exclude PK)* | 89.63 | 90.00 | 89.00 | DOE Final Enrollment Report |
| March 30 Budgeted Enrollment (exclude PK) | 90 | 90 | 89 | March 30 Charter School Budget |
| <i>Complete section only if auditee has mortgage/note/bond payable:</i> | | | | |
| Depreciation Expense | | | | Auditor/Workpapers |
| Interest Expense | | | | Auditor/Workpapers |
| Principal Payments | | | | Auditor/Workpapers |
| Interest Payments | | | | Auditor/Workpapers |

| Performance Indicators | 2019 | 2020 | 2021 | 3 YR CUM | Calculation**** | Target**** |
|---|--------|----------|--------|----------|---|--|
| Near Term Indicators | | | | | | |
| Ia. Current Ratio (working capital ratio) | 3.5 | 252.9 | 11.7 | | Current Assets/Current Liabilities | > 1.1 or between 1.0-1.1 with positive trend |
| Ib. Unrestricted days cash on hand | 15 | 6 | 17 | | Cash (Total Expenses/365) | 60 days or 30-60 days with positive trend |
| Ic. Enrollment Variance | 100% | 100% | 101% | 100% | Average Daily Enrollment/Budgeted Enrollment | >95% or >95% for 3 yr cum |
| Id.** Default on loans or delinquent in debt payments | NO | NO | NO | | Auditor | not in default |
| Sustainability Indicators | | | | | | |
| 2a*** 3 Year Cumulative Cash Flow | 97,343 | (57,341) | 60,354 | 100,356 | Net change in cash flow from prior years | 3 yr cum positive with most recent year positive |
| 2b Debt Service Coverage Ratio | N/A | N/A | N/A | N/A | N/A or (Change in Net Position + depreciation + interest expense) / (principal + interest payments) | >1.10 |

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

Meets Standard
Does Not Meet Standard
Falls Far Below Standard

SINGLE AUDIT SECTION

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206
Union, New Jersey 07083
(908) 686-3484
FAX – (908) 686-6055

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

The Honorable President and
Members of the Board of Trustees
International Charter School of Trenton
County of Mercer
Trenton, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and each major fund of International Charter School of Trenton (Charter School), in the County of Mercer, 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 1, 2022, which includes an emphasis of matter paragraph describing the adoption of GASB 84.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is 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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in Internal control over financial reporting 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 Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

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.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


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

Union, New Jersey
February 1, 2022

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206
Union, New Jersey 07083
(908) 686-3484
FAX – (908) 686-6055

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Independent Auditor’s Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of State Financial Assistance as Required by New Jersey Circular 15-08-OMB

Honorable President and
Members of the Board of Trustees
International Charter School of Trenton
County of Mercer
Trenton, New Jersey

Report on Compliance for Each Major State Program

We have audited the International Charter School of Trenton’s compliance with the types of compliance requirements described in the New Jersey Circular 15-08- OMB State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2021. The International Charter School of Trenton’s major state programs are identified in the Summary of Auditor’s Results Section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

The Charter School’s management is responsible for compliance with state statutes, regulations, contracts, and the terms and conditions of its state awards applicable to its state programs.

Auditor’s Responsibility

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

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

Opinion on Each Major State Program

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

Report on Internal Control over Compliance

Management of International Charter School of Trenton 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 New Jersey Circular OBM 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over compliance.

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

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

Purpose of this Report

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



BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants



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

Union, New Jersey
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INTERNATIONAL CHARTER SCHOOL OF TRENTON
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021

| Federal Grantor/Pass-through Grantor/ Program Title | FEDA Number | Federal FAIN Number | Grant or State Project Number | Program or Award Amount | Grant Period From To | Balance at June 30, 2020 | Carryover/ (Walkover) Amount | Cash Received | Budgetary Expenditures | Passed Through To Subrecipients | Adjustments | Repayment Of Prior Years' Balances | Accounts Receivable | Balance at June 30, 2021 Unearned Revenue | Due to Grantor |
|---|----------------|---------------------------|-------------------------------------|-------------------------------|-------------------------|-----------------------------|------------------------------------|------------------|---------------------------|---------------------------------------|-------------|--|------------------------|---|-------------------|
| U.S. Department of Education | | | | | | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | | | | | | |
| No Child Left Behind: | | | | | | | | | | | | | | | |
| Title I Part A Carryover | 84-010A | S010A210030 | NCLB - 8810 - 21 | \$ 65,077 | 9/1/20 8/31/21 | \$ - | \$ - | \$ 33,988 | \$ (65,077) | \$ - | \$ - | \$ - | \$ (31,109) | \$ - | \$ - |
| Title I Part A Carryover | 84-387A | S387A210029 | NCLB - 8810 - 21 | 66,214 | 7/1/20 8/31/21 | (27,728) | - | 227,728 | (65,077) | - | - | - | - | - | - |
| Title II Part A Carryover | 84-387A | S387A210029 | NCLB - 8810 - 21 | 6,032 | 9/1/19 8/31/20 | (6,032) | - | 6,032 | (6,032) | - | - | - | (31,109) | - | - |
| Total No Child Left Behind | | | | | | | | 62,728 | (65,077) | | | | | | |
| Special Education Cluster (IDEA): | | | | | | | | | | | | | | | |
| ID.E.A. Part B Basic | 84-027 | H027A210031 | IDEA - 8810 - 21 | 28,624 | 9/1/20 8/31/21 | - | - | 28,624 | (28,624) | - | - | - | - | - | - |
| ID.E.A. Part B Basic Carryover | 84-027 | H027A210031 | IDEA - 8810 - 20 | - | 7/1/19 6/30/20 | - | - | 28,624 | (28,624) | - | - | - | - | - | - |
| Total Special Education Cluster (IDEA) | | | | | | | | 28,624 | (28,624) | | | | | | |
| Other Special Revenue Funds: | | | | | | | | | | | | | | | |
| COVID-19: Elementary and Secondary School Emergency Relief Fund | 84-425D | | N/A | - | 3/13/20 9/30/22 | - | - | 48,927 | (48,927) | - | - | - | - | - | - |
| Total Other Special Revenue Funds | | | | | | | | 48,927 | (48,927) | | | | | | |
| U.S. Department of Treasury | | | | | | | | | | | | | | | |
| Passed-through State Department of Education | | | | | | | | | | | | | | | |
| COVID-19: Coronavirus Relief Fund | 21-019 | | N/A | 12,746 | 8/1/20 10/1/20 | - | - | 12,746 | (12,746) | - | - | - | - | - | - |
| COVID-19: Coronavirus Relief Fund | | | | | | | | 12,746 | (12,746) | | | | | | |
| Total Special Revenue Fund | | | | | | (28,760) | - | 153,025 | (155,350) | - | - | - | (31,109) | - | 24 |
| U.S. Department of Agriculture | | | | | | | | | | | | | | | |
| Passed-through State Department of Agriculture | | | | | | | | | | | | | | | |
| Child Nutrition Cluster | | | | | | | | | | | | | | | |
| School Breakfast Program | 10-553 | 211NJ304N1099 | N/A | 12,634 | 7/1/20 6/30/21 | - | - | 9,475 | (12,634) | - | - | - | (3,159) | - | - |
| School Breakfast Program | 10-553 | 201NJ304N1099 | N/A | 11,526 | 7/1/19 6/30/20 | (990) | - | 990 | (12,634) | - | - | - | - | - | - |
| National School Lunch Program | 10-555 | 211NJ304N1099 | N/A | 20,125 | 7/1/20 6/30/21 | - | - | 20,125 | (20,125) | - | - | - | - | - | - |
| National School Lunch Program | 10-555 | 201NJ304N1099 | N/A | 33,223 | 7/1/19 6/30/20 | (1,574) | - | 1,574 | (20,125) | - | - | - | (3,159) | - | - |
| Total Child Nutrition Cluster | | | | | | | | 32,164 | (32,759) | | | | (3,159) | | |
| Total Enterprise Fund | | | | | | (2,564) | - | 32,164 | (32,759) | - | - | - | (3,159) | - | - |
| Total Federal Financial Awards | | | | | | (31,324) | \$ - | 185,189 | (186,109) | \$ - | \$ - | \$ - | (34,288) | \$ - | 24 |

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2021

| State Grantor/Program Title | Grant or State Project Number | Program or Award Amount | Grant Period | | Balance at June 30, 2020 | | Carryover/ (Walkover) Amount | Cash Received | Budgetary Expenditures | Adjustments/ Repayment of Prior Years Balance | Balance at June 30, 2021 | | MEMO |
|--|-------------------------------|-------------------------|--------------|---------|--|----------------|------------------------------|----------------|------------------------|---|-------------------------------------|----------------|----------------|
| | | | From | To | Unearned Revenue (Accounts Receivable) | Due to Grantor | | | | | Unearned Revenue/ Interfund Payable | Due to Grantor | |
| State Department of Education | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | |
| State Aid-Public Cluster | | | | | | | | | | | | | |
| Equalization Aid | 21-495-034-5120-078 | \$ 1,066,901 | 7/1/20 | 6/30/21 | \$ - | \$ - | \$ 1,065,761 | \$ (1,066,901) | \$ - | \$ - | \$ (11,140) | \$ - | \$ 1,066,901 |
| Special Education | 21-495-034-5120-078 | - | 7/1/19 | 6/30/20 | | | | (26,117) | | | | | 26,117 |
| Security Aid | 21-495-034-5120-089 | 26,117 | 7/1/20 | 6/30/21 | | | 49,079 | (49,079) | | | | | 49,079 |
| Adjustment Aid | 21-495-034-5120-084 | 49,079 | 7/1/20 | 6/30/21 | | | 112,971 | (112,971) | | | | | 112,971 |
| Total State Aid-Public Cluster | 21-495-034-5120-085 | 112,971 | 7/1/20 | 6/30/21 | (10,309) | | 1,254,237 | (1,255,068) | | | (11,140) | | 1,255,068 |
| On-Behalf TPAF Post-Retirement Medical Contributions | 21-495-034-5094-001 | 51,591 | 7/1/20 | 6/30/21 | | | 51,591 | (51,591) | | | | | 51,591 |
| Reimbursed TPAF - Social Security Contributions | 21-495-034-5094-002 | 164,627 | 7/1/20 | 6/30/21 | | | 164,627 | (164,627) | | | (31) | | 164,627 |
| On-Behalf TPAF - Non-Contributory Insurance Contributions | 21-495-034-5094-003 | 42,569 | 7/1/20 | 6/30/21 | | | 42,538 | (42,569) | | | | | 42,569 |
| Total General Fund | | 59 | 7/1/20 | 6/30/21 | (10,309) | | 1,513,052 | (1,513,914) | | | (11,171) | | 1,513,914 |
| State Department of Agriculture | | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | | |
| National School Lunch Program (State Share) | 21-100-010-3350-023 | 907 | 7/1/20 | 6/30/21 | | | 876 | (907) | | | (31) | | 907 |
| National School Lunch Program (State Share) | 20-100-010-3350-023 | 543 | 7/1/19 | 6/30/20 | (25) | | 25 | | | | | | |
| Total Enterprise Fund | | | | | (25) | | 901 | (907) | | | (31) | | 907 |
| Total All Funds | | | | | \$ (10,334) | | \$ 1,513,953 | \$ (1,514,821) | | | \$ (11,202) | | \$ 1,514,821 |
| State Financial Assistance Not Subject to Major Program Determination: | | | | | | | | | | | | | |
| General Funds: | | | | | | | | | | | | | |
| On-Behalf TPAF Post-Retirement Medical Contributions | 21-495-034-5094-001 | 51,591 | 7/1/20 | 6/30/21 | | | | 51,591 | | | | | 51,591 |
| Reimbursed TPAF - Social Security Contributions | 21-495-034-5094-002 | 164,627 | 7/1/20 | 6/30/21 | | | | 164,627 | | | | | 164,627 |
| On-Behalf TPAF - Non-Contributory Insurance Contributions | 21-495-034-5094-004 | 59 | 7/1/20 | 6/30/21 | | | | 59 | | | | | 59 |
| Total State Financial Assistance Subject to Single Audit | | | | | | | | \$ 216,277 | | | | | \$ 216,277 |
| | | | | | | | | \$ (1,288,544) | | | | | \$ (1,288,544) |

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
June 30, 2021

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 CFR 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Notes to Schedule of Expenditures of Awards and Financial Assistance
June 30, 2021

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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

| | Federal | State | Total |
|-------------------------------------|-------------------|---------------------|---------------------|
| General Fund | \$ - | \$ 1,513,914 | \$ 1,513,914 |
| Special Revenue Fund | 155,350 | - | 155,350 |
| Food Service Fund | 32,759 | 907 | 33,666 |
| Total Awards & Financial Assistance | <u>\$ 188,109</u> | <u>\$ 1,514,821</u> | <u>\$ 1,702,930</u> |

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

International Charter School of Trenton has no loan balances outstanding at June 30, 2021.

NOTE 6. OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long-Term Disability Insurance represents the amount paid by the state on behalf of the charter school for the year ended June 30, 2021. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2021.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Notes to Schedule of Expenditures of Awards and Financial Assistance
June 30, 2021

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

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

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The Charter School does not have a schoolwide program.

NOTE 9. MAJOR PROGRAMS

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

NOT APPLICABLE

State Awards

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

Identification of major state programs:

| GMIS Number(s) | Name of State Program |
|----------------------------|--|
| | STATE AID – PUBLIC CLUSTER |
| <u>21-495-034-5120-078</u> | <u>Equalization Aid</u> |
| <u>21-495-034-5120-089</u> | <u>Special Education Categorical Aid</u> |
| <u>21-495-034-5120-084</u> | <u>Security Aid</u> |
| <u>21-495-034-5120-085</u> | <u>Adjustment Aid</u> |

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section II –Financial Statement Findings

The 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 prescribed by the Office of the School Finance, Department of Education, State of New Jersey.

No Current Year Findings

K-6 Schedule of Findings and Questioned Costs

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Schedule of Findings And Questioned Costs
For the Fiscal Year Ended June 30, 2021

***Schedule III – Federal and State Award
Findings and Questioned Costs***

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

CURRENT YEAR FEDERAL AWARDS

Not Applicable

CURRENT YEAR STATE AWARDS

No Current Year Findings

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by
Management
For the Fiscal Year Ended June 30, 2021

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with of *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (511 (a)(b)) and New Jersey OMB's 15-08, as applicable.

STATUS OF PRIOR YEAR FINDINGS

No Prior Year Findings