

PRINCETON CHARTER SCHOOL

**Board of Trustees
Princeton Charter School
Princeton, New Jersey**

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

**Comprehensive Annual
Financial Report**

of the

PRINCETON CHARTER SCHOOL

Princeton, New Jersey

For the Fiscal Year Ended June 30, 2021

**Prepared by
Princeton Charter School
Finance Department**

PRINCETON CHARTER SCHOOL
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2021

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal	1
Organizational Chart	4
Roster of Officials	5
Consultants and Advisors.....	6

FINANCIAL SECTION..... 7

Independent Auditors’ Report.....	8
-----------------------------------	---

Required Supplementary Information	11
Management’s Discussion and Analysis	12

Basic Financial Statements (Sections A. and B.).....	20
--	----

A. Charter School-Wide Financial Statements.....	21
A-1 Statement of Net Position	22
A-2 Statement of Activities.....	23

B. Fund Financial Statements.....	25
B-1 Balance Sheet – Governmental Funds	26
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds.....	28
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29
B-4 Statement of Net Position – Proprietary Funds.....	30
B-5 Statement of Revenue, Expenses and Changes in Net Position – Proprietary Funds	31
B-6 Statement of Cash Flows – Proprietary Funds.....	32

Notes to the Basic Financial Statements.....	33
--	----

Required Supplementary Information	70
--	----

L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits	
Other than Pensions	71
L-1 Schedule of Charter School’s Proportionate Share of the Net Pension Liability- Public Employees Retirement System.....	71
L-2 Schedule of Charter School Contributions – Public Employees Retirement System	72
L-3 Schedule of State’s Proportionate Share of the Net Pension Liability Associated with the Charter School - Teachers’ Pension and Annuity Fund.....	73
L-4 Schedule of State Contributions - Teachers’ Pension and Annuity Fund.....	74
L-5 Schedule of Changes in the State’s Proportionate Share of the Total OPEB Liability Associated with the Charter School and Related Ratios.....	75
Notes to Required Supplementary Information	76

PRINCETON CHARTER SCHOOL
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

FINANCIAL SECTION (Cont'd)

Supplementary Schedules (Sections C. to I.)

C.	Budgetary Comparison Schedules.....	78
C-1	Budgetary Comparison Schedule – General Fund.....	79
C-2	Budgetary Comparison Schedule – Special Revenue Fund.....	86
C-3	Budgetary Comparison Schedule – Notes to RSI.....	87
D.	School Level Schedules (Not Applicable).....	88
E.	Special Revenue Fund.....	89
E-1	Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis.....	90
E-2	Preschool Education Aid Schedule of Expenditures Special Revenue Fund– Budgetary Basis (Not Applicable)	
F.	Capital Projects Fund.....	91
F-1	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance	92
F-1a	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Expansion and Renovation of the Princeton Charter School.....	93
G.	Proprietary Funds	94
G-1	Combining Statement of Net Position – Proprietary Funds.....	95
G-2	Combining Statement of Revenue, Expenses and Changes in Net Position – Proprietary Funds.....	96
G-3	Combining Statement of Cash Flows – Proprietary Funds.....	97
H.	Fiduciary Activities (Not Applicable)	98
I.	Long-Term Debt.....	99
I-1	Schedule of Mortgage Loans Payable.....	100

STATISTICAL SECTION

J.	Statistical Section (Unaudited)	102
J-1	Net Position by Component	103
J-2	Revenues, Expenses and Changes in Net Position	104
J-3	Fund Balances – Governmental Funds	106
J-4	Changes in Fund Balance, Governmental Funds.....	107
J-5	General Fund Other Local Revenue by Source	108
J-6	Assessed Value and Estimated Actual Value of Taxable Property (Not Applicable)	
J-7	Direct and Overlapping Property Tax Rates (Not Applicable)	
J-8	Principal Property Taxpayers (Current Year and Nine Years Ago) (Not Applicable)	
J-9	Property Tax Levies and Collections (Not Applicable)	
J-10	Ratios of Outstanding Debt by Type	109

PRINCETON CHARTER SCHOOL
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

STATISTICAL SECTION (Cont'd)

J-11 Ratios of Net General Bonded Debt Outstanding (Not Applicable)	
J-12 Ratios of Direct and Overlapping Governmental Activities Debt (Not Applicable)	
J-13 Legal Debt Margin Information (Not Applicable)	
J-14 Demographic and Economic Statistics	110
J-15 Principal Employers, Current and Nine Years Ago (Not Applicable)	
J-16 Full-time Equivalent Charter School Employees by Function/Program.....	111
J-17 Operating Statistics	112
J-18 School Building Information	113
J-19 Schedule of Allowable Maintenance Expenditures by School Facility (Not Applicable)	
J-20 Insurance Schedule	114
J-21 Financial Performance – Governmental Activities.....	116

SINGLE AUDIT SECTION

K. Single Audit Section.....	117
K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	118
K-2 Report on Compliance for Each Major State Program; Report on Internal Control over Compliance	120
K-3 Schedule of Expenditures of Federal Awards.....	122
K-4 Schedule of Expenditures of State Awards.....	123
K-5 Notes to the Schedules of Expenditures of Federal and State Awards	124
K-6 Schedule of Findings and Questioned Costs.....	126
K-7 Summary Schedule of Prior Audit Findings	127

INTRODUCTORY SECTION
(UNAUDITED)

Princeton Charter School

100 Bunn Drive
Princeton, NJ 08540
609-924-0575

January 21, 2022

The Honorable President and Members
of the Board of Trustees
Princeton Charter School
Princeton, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Princeton Charter School (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 Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

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

1) REPORTING ENTITY AND ITS SERVICES

The Princeton Charter School is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the Charter School are included in this report. The Princeton Charter School constitutes the Charter School's reporting entity.

Princeton Charter School is a K-8 independent public school, operated by a Board of Trustees under a charter granted by the Commissioner of Education of the State of New Jersey. The Charter School opened in 1997 as a fourth grade through sixth grade elementary school. It currently operates a kindergarten through eighth grade school with a diverse student population of students and staff. Princeton Charter School's charter was renewed by the NJ Department of Education for another five years from July 1, 2021 to June 30, 2026. The Acting Commissioner, in granting the Charter School's renewal, praised the Charter School for its academic accomplishments and student success. The Charter School's next renewal application process will take place in the 2025-2026 school year.

1) REPORTING ENTITY AND ITS SERVICES (Cont'd)

There are three (3) school buildings on the Charter School's campus, all of which are in good condition. The buildings are as follows: K-4 building (lower school) built in 2003, 5-8 building (upper school) built in 1963 and renovated into a school building in 1998, and the campus center, built in 2010, which houses a gym, 3 classrooms and a black box theatre. There is also a business office, known as the Marsee Center, located on the Charter School's campus.

The Charter School completed the 2020-2021 school year with an enrollment of 423 students.

2) ECONOMIC CONDITION AND OUTLOOK

Princeton Charter School is located within the municipality of Princeton and the financial resources it receives flow through the Princeton Public School District (district of residence) on a per-pupil basis. The economy in Princeton is very good and home properties have increased in value of the past school year. Most of the undeveloped land in Princeton is held by Princeton University. It is believed there may be some commercial and residential growth potential within the municipality.

3) INTERNAL ACCOUNTING CONTROLS

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

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

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

4) BUDGETARY CONTROLS

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

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

5) ACCOUNTING SYSTEM AND REPORTS

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

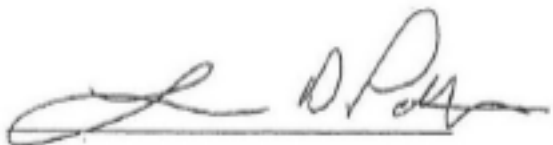
6) OTHER INFORMATION

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

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

7) ACKNOWLEDGMENTS

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

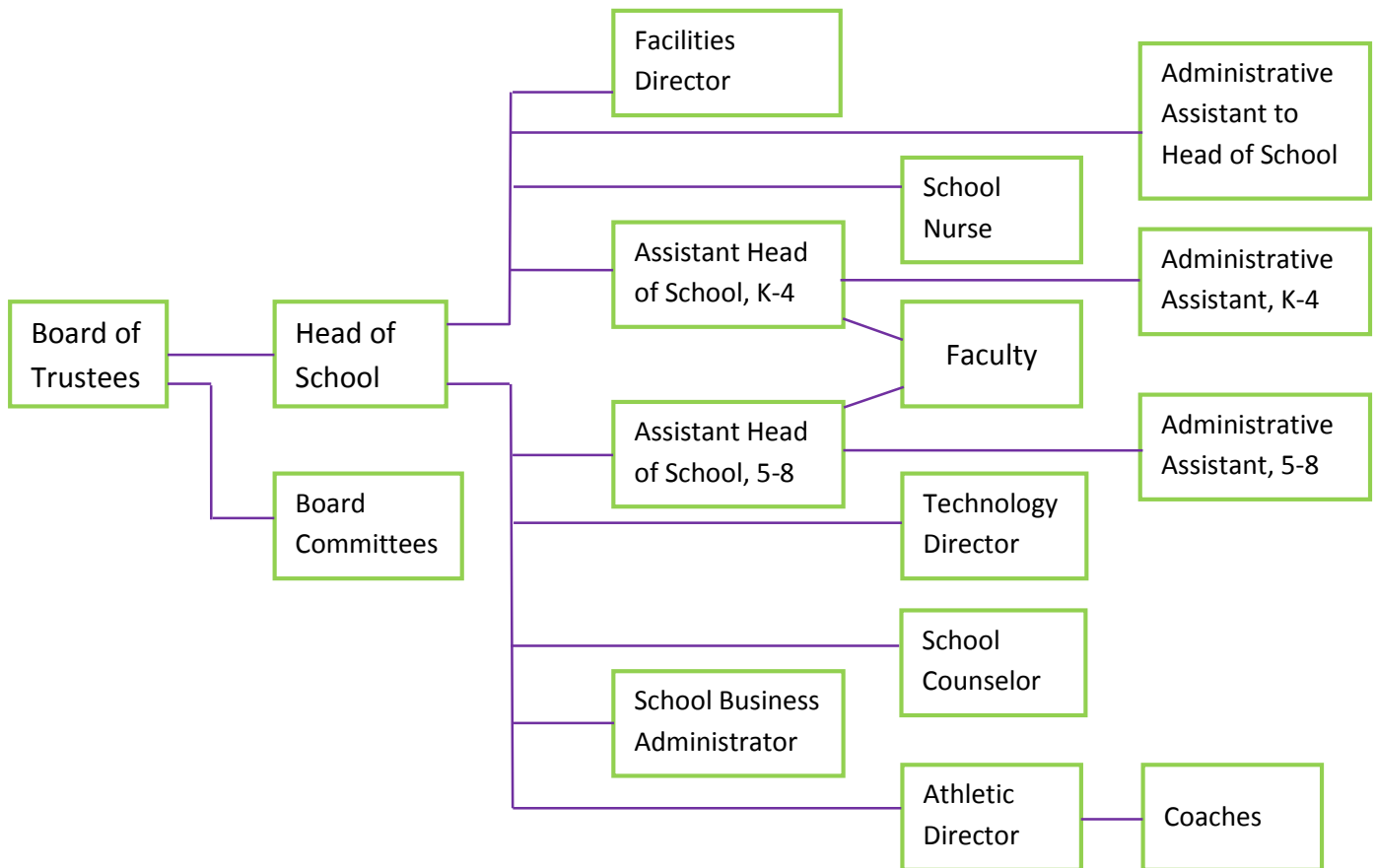


Lawrence D. Patton/Head of School



Michael Falkowski /Business Administrator

Princeton Charter School Organizational Chart



PRINCETON CHARTER SCHOOL
 ROSTER OF OFFICIALS
 JUNE 30, 2021

<u>Board of Trustees</u>	<u>Position</u>	<u>Expiration of Term</u>
Maryellen McQuade	President	June 2021
Stefanos Damianakis	Member	June 2021
Roxanna Choe	Member	June 2023
Minzhi Liu	Member	June 2022
Rebecca Feder	Member	June 2021
John Weihe	Member	June 2023
Lorie Roth	Member	June 2022
Harlan Tenenbaum	Member	June 2022
Olga Troyanskaya	Member	June 2023

Other Officials

Title

Lawrence D. Patton

Head of School

Michael Falkowski

Business Administrator/Board Secretary

PRINCETON CHARTER SCHOOL
CONSULTANTS AND ADVISORS

Audit Firm

Nisivoccia LLP
200 Valley Road, Suite 300
Mount Arlington, NJ, 07856
and
Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

Attorney

Busch Law Group, LLC
450 Main Street
Metuchen, NJ 08840

Official Depository

Peapack Gladstone Bank
300 Carnegie Center
Princeton, NJ 08540

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Princeton Charter School (the "Charter School") in the County of Mercer, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise of the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Emphasis of Matter

As discussed in Note 16 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. Our opinions are 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, which follows this report, the pension and post-retirement benefit schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

The Honorable President and Members
of the Board of Trustees
Princeton Charter School
Page 3

In our opinion, the other supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2022 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.

January 21, 2022
Mount Arlington, New Jersey

Nisivoccia, LLP
NISIVOCCIA LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**PRINCETON CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

This section of Princeton Charter School's annual financial report presents its discussion and analysis of the Charter School's financial performance during the fiscal year ending June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the Charter School's financial statements, which immediately follow this section.

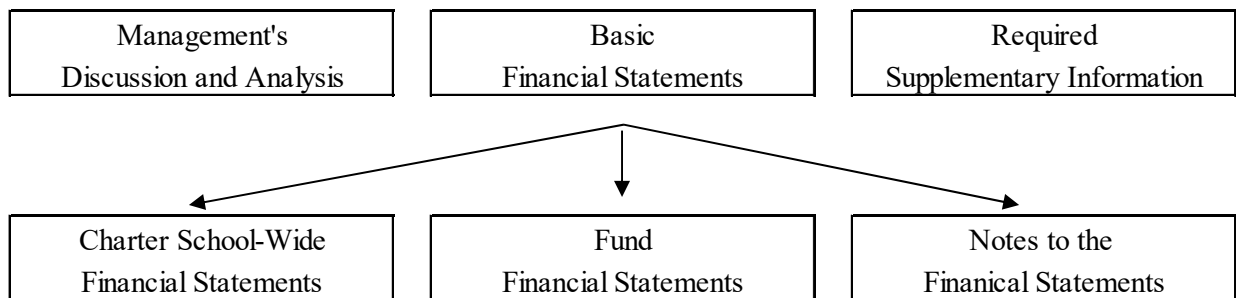
Overview of the Financial Statements

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

- The first two statements are *Charter School-wide financial statements* that provide both *short-term* and *long-term* information about the Charter School's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Charter School, reporting the School's operations in *more* detail than the Charter School-Wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- The *proprietary funds statements* offer short- and long-term financial information about the activities the School operates like a business, such as food services and student programs.

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

**Figure A-1
Organization of the Princeton Charter School's Financial Report**



**PRINCETON CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Figure A-2 summarizes the major features of the Charter School's financial statements, including the portion of the Charter School's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

	Charter School-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire School	The activities of the School that are not proprietary, such as special education and building maintenance	Activities the School operates similar to private businesses: food services and student programs
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid

**PRINCETON CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Charter School-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The School has two kinds of funds:

- *Governmental funds*: Most of the Charter School's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Charter School's programs. Because this information does not encompass the additional long-term focus of the Charter School-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the Charter School charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the Charter School-wide statements. The Charter School's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information (such as cash flows). *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for other programs and activities. The Charter School currently does not maintain any internal service funds.

**PRINCETON CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Financial Analysis of the School as a Whole

Net Position. The Charter School's combined net position was \$3,136,484 as of June 30, 2021 – an increase of \$344,547 or 12.34% from the prior year. (See Figure A-3).

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

	Governmental Activities		Business-Type Activities		Total Charter School		% Change
	2020-2021	2019-2020*	2020-2021	2019-2020	2020-2021	2019-2020*	
Current and							
Other Assets	\$ 3,874,722	\$ 1,795,944	\$ 12,527	\$ 9,037	\$ 3,887,249	\$ 1,804,981	
Capital Assets, Net	11,413,258	9,218,060	7,750	9,005	11,421,008	9,227,065	
Total Assets	15,287,980	11,014,004	20,277	18,042	15,308,257	11,032,046	38.76%
Deferred Outflows of Resources	668,128	1,274,691			668,128	1,274,691	-47.59%
Other Liabilities	45,033	430,949	20,277	18,042	65,310	448,991	
Long-Term Liabilities	11,587,053	8,628,210			11,587,053	8,628,210	
Total Liabilities	11,632,086	9,059,159	20,277	18,042	11,652,363	9,077,201	28.37%
Deferred Inflows of Resources	1,187,538	437,599			1,187,538	437,599	171.38%
Net Position:							
Investment in							
Capital Assets	453,696	3,064,242	7,750	9,005	461,446	3,073,247	
Restricted	108,841	108,213			108,841	108,213	
Unrestricted/(Deficit)	2,573,947	(380,518)	(7,750)	(9,005)	2,566,197	(389,523)	
Total Net Position	\$ 3,136,484	\$ 2,791,937	\$ - 0 -	\$ - 0 -	\$ 3,136,484	\$ 2,791,937	12.34%

* - Restated

**PRINCETON CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Changes in Net Position. The Charter School's combined net position was \$3,136,484 on June 30, 2021 – governmental activities increased \$344,544 and business-type activities did not change. The Charter School's net position invested in capital assets increased primarily due to capital asset additions net of depreciation and unrestricted net position decreased primarily due to a decrease in the net pension liability offset by the changes in the deferred inflows and outflows related to pensions.

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		% Change
	2020-2021	2019-2020	2020-2021	2019-2020	2020-2021	2019-2020	
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,003		\$ 2,794	\$ 135,875	\$ 3,797	\$ 135,875	
Operating Grants and Contributions	2,232,417	\$ 1,852,505	6,596	18,686	2,239,013	1,871,191	
General Revenue:							
Local Levy - Charter School Aid	6,433,698	6,464,767			6,433,698	6,464,767	
Unrestricted Federal & State Aid	928,000				928,000		
Other	94,638	89,975			94,638	89,975	
Total Revenue	<u>9,689,756</u>	<u>8,407,247</u>	<u>9,390</u>	<u>154,561</u>	<u>9,699,146</u>	<u>8,561,808</u>	13.28%
Expenses:							
Instruction	6,836,457	6,084,526			6,836,457	6,084,526	
Student & Instruction Related Services	156,839	142,047			156,839	142,047	
Administrative & Business	1,334,124	1,359,048			1,334,124	1,359,048	
Maintenance & Operations	553,262	683,751			553,262	683,751	
Pupil Transportation		12,750				12,750	
Other	459,011	368,184	14,906	180,265	473,917	548,449	
Total Expenses	<u>9,339,693</u>	<u>8,650,306</u>	<u>14,906</u>	<u>180,265</u>	<u>9,354,599</u>	<u>8,830,571</u>	5.93%
Other Items				(2,383)		(2,383)	
Transfers	(5,516)	(11,586)	5,516	31,430		19,844	
Change in Net Position	<u>\$ 344,547</u>	<u>\$ (254,645)</u>	<u>\$ -0-</u>	<u>\$ 3,343</u>	<u>\$ 344,547</u>	<u>\$ (251,302)</u>	237.10%

**PRINCETON CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Governmental Activities

Net position of the Charter School's governmental activities increased by \$344,547. The increase is primarily due to an increase of capital assets offset by the mortgage loan and the decrease in the net pension liability offset by changes in the deferred inflows and outflows related to pension.

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

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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2020-2021</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2019-2020</u>
Instruction	\$ 6,836,457	\$ 6,084,526	\$ 4,642,232	\$ 4,270,862
Student & Instruction Services	156,839	142,047	155,836	142,047
Administrative & Business	1,334,124	1,359,048	1,334,124	1,359,048
Maintenance & Operations	553,262	683,751	515,070	644,910
Transportation		12,750		12,750
Other	459,011	368,184	459,011	368,184
	<u>\$ 9,339,693</u>	<u>\$ 8,650,306</u>	<u>\$ 7,106,273</u>	<u>\$ 6,797,801</u>

Business-type Activities

There was no change in the position of the Charter School's business-type activities (Figure A-4).

Financial Analysis of the Charter School's Funds

On the GAAP basis, the Charter School's General Fund fund balance increased \$628,358 primarily due to excess miscellaneous revenue, and the Capital Projects Fund fund balance decreased during the current year for capital expenditures.

General Fund Budgetary Highlights

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

**PRINCETON CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Capital Assets

The Charter School's capital assets increased \$1,605,808 or 16.90% due to capital project expenditures offset by normal depreciation. (More detailed information about the Charter School's capital assets is presented in the Note 4 to the Financial Statements.)

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2020-2021	2019-2020	2020-2021	2019-2020	2020-2021	2019-2020	
Land	\$ 2,560,000	\$ 2,560,000			\$ 2,560,000	\$ 2,560,000	
Construction in Progress	2,683,668	543,135			2,683,668	543,135	
Site Improvements	88,946	95,082			88,946	95,082	
Buildings and Building Improvements	5,946,819	6,401,725			5,946,819	6,401,725	
Furniture, Machinery and Equipment	133,825	161,253	\$ 7,750	\$ 9,005	141,575	170,258	
Total Capital Assets, Net of Depreciation	\$ 11,413,258	\$ 9,761,195	\$ 7,750	\$ 9,005	\$ 11,421,008	\$ 9,770,200	16.90%

Long-Term Liabilities

The Charter School's Long-Term Liabilities increased \$2,958,843 or 34.29% during the fiscal year. This is mainly due to the increase in the mortgage loan payable offset by decreases in Net Pension Liability and the forgiveness of the Payroll Protection Program loan. (More detailed information about the Charter School's long-term liabilities is presented in Note 5 to the financial statements.)

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

	Total School District		Percentage Change
	2020-2021	2019-2020	
Mortgage Loan Payable	\$ 10,959,562	\$ 6,696,953	
Payroll Protection Program Loan		928,400	
Net Pension Liability	627,491	1,002,857	
	\$ 11,587,053	\$ 8,628,210	34.29%

**PRINCETON CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Factors Bearing on the Charter School's Future

The Charter School was previously approved for student expansion and reached its maximum student capacity in 2018-2019. Students have been accommodated in temporary trailers while the Charter School expands the facility to accommodate the additional students. The project will be completed in the first quarter of 2022. The Charter School funded the project with surplus funds, donations and a \$4.5M bank loan.

Contacting the Charter School's Financial Management

This financial report is designed to provide the Charter School's citizens, customers, investors, and creditors with a general overview of the School's finances and to demonstrate the Charter School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator at 609- 924-0575.

BASIC FINANCIAL STATEMENTS

CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

PRINCETON CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 221,988	\$ 14,174	\$ 236,162
Mortgage Loan Receivable	2,938,656		2,938,656
Tax Levy Receivable	14,481		14,481
Receivables from Other Governments:			
Federal	77,673		77,673
State		23	23
Other		1,270	1,270
Other Accounts Receivable		19,692	19,692
Internal Balances	22,632	(22,632)	
Non-Current Assets:			
Derivative Instrument - Interest Rate Swap	565,451		565,451
Restricted Cash	33,841		33,841
Capital Assets, Net:			
Construction in Progress	2,683,668		2,683,668
Sites (Land)	2,560,000		2,560,000
Depreciable Site Improvements, Buildings and Building Improvements, and Furniture, Machinery and Equipment	6,169,590	7,750	6,177,340
Total Assets	15,287,980	20,277	15,308,257
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows in Pensions	291,748		291,748
Loss on Refunding of Mortgage Loan	376,380		376,380
Total Deferred Outflows of Resources	668,128		668,128
LIABILITIES			
Accounts Payable	42,094		42,094
Payable to State Government	2,939		2,939
Unearned Revenue		20,277	20,277
Noncurrent Liabilities:			
Due Within One Year	245,427		245,427
Due Beyond One Year	11,341,626		11,341,626
Total Liabilities	11,632,086	20,277	11,652,363
DEFERRED INFLOW OF RESOURCES			
Accumulated Increase in Fair Value of Hedging Derivatives	565,451		565,451
Deferred Inflows in Pensions	622,087		622,087
Total Deferred Inflows of Resources	1,187,538		1,187,538
NET POSITION			
Net Investment in Capital Assets	453,696	7,750	461,446
Restricted	108,841		108,841
Unrestricted/(Deficit)	2,573,947	(7,750)	2,566,197
Total Net Position	\$ 3,136,484	\$ - 0 -	\$ 3,136,484

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

PRINCETON CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 6,770,450	\$	1,934,060	\$ (4,836,390)		\$ (4,836,390)
Special Education	65,776		260,165	194,389		194,389
Other Instruction	231			(231)		(231)
Support Services:						
Student & Instruction Related Services	156,839	\$ 1,003		(155,836)		(155,836)
General Administrative Services	1,057,089			(1,057,089)		(1,057,089)
School Administrative Services	545			(545)		(545)
Central Services	152,593			(152,593)		(152,593)
Administrative Information Technology	123,897			(123,897)		(123,897)
Plant Operations and Maintenance	553,262		38,192	(515,070)		(515,070)
Capital Outlay	181,650			(181,650)		(181,650)
Interest on Long-Term Debt	277,361			(277,361)		(277,361)
Total Governmental Activities	9,339,693	1,003	2,232,417	(7,106,273)		(7,106,273)
Business-Type Activities:						
Food Service	14,906	2,794	6,596		\$ (5,516)	(5,516)
Total Business-Type Activities	14,906	2,794	6,596		(5,516)	(5,516)
Total Primary Government	\$ 9,354,599	\$ 3,797	\$ 2,239,013	(7,106,273)	(5,516)	(7,111,789)

PRINCETON CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenue, Other Items and Transfers:			
Local Levy	\$ 6,433,698		\$ 6,433,698
Miscellaneous Income	94,638		94,638
Transfers	(5,516)	\$ 5,516	
Payroll Protection Program Loan Forgiveness	928,000		928,000
	7,450,820	5,516	7,456,336
Total General Revenues, Other Items and Transfers			
Change in Net Position	344,547		344,547
Net Position - Beginning (Restated)	2,791,937	- 0 -	2,791,937
Net Position - Ending	\$ 3,136,484	\$ - 0 -	\$ 3,136,484

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

FUND FINANCIAL STATEMENTS

PRINCETON CHARTER SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 221,988			\$ 221,988
Mortgage Loan Receivable			\$2,938,656	2,938,656
Tax Levy Receivable	14,481			14,481
Interfund Receivable	1,222,629			1,222,629
Receivables From Other Governments:				
Federal		\$ 77,673		77,673
Restricted Cash and Cash Equivalents	19,726	14,115		33,841
Total Assets	\$ 1,478,824	\$ 91,788	\$2,938,656	\$ 4,509,268
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Interfund Payable		\$ 77,673	\$ 1,122,324	\$ 1,199,997
Intergovernmental Accounts Payable - Other	\$ 2,939			2,939
Total Liabilities	2,939	77,673	1,122,324	1,202,936
Fund Balances:				
Restricted:				
Charter School Escrow	75,000			75,000
Unemployment Compensation	19,726			19,726
Student Activities		14,115		14,115
Unassigned:				
General Fund	1,381,159			1,381,159
Capital Projects Fund (Deficit)			1,816,332	1,816,332
Total Fund Balances/(Deficit)	1,475,885	14,115	1,816,332	3,306,332
Total Liabilities and Fund Balances	\$ 1,478,824	\$ 91,788	\$2,938,656	\$ 4,509,268

PRINCETON CHARTER SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>Total Governmental Funds</u>
<p>Amounts Reported for <i>Governmental Activities</i> in the <i>Statement of Net Position (A-1)</i> is Different Because:</p>	
Total Fund Balances - Governmental Funds (Exhibit B-1)	\$ 3,306,332
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the Funds.	11,413,258
Derivative Instrument - Interest Rate Swap	565,451
A loss on refunding is reported as an expenditure in the governmental funds in the year the mortgage loans were refunded.	376,380
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.	(627,491)
Certain amounts related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities are not reported in the Governmental Funds:	
Deferred Outflows - Pensions	249,654
Deferred Inflows - Pensions	(622,087)
Deferred Inflow - Accumulated Increase in Fair Value of Hedging Derivatives	(565,451)
Long-Term Liabilities, including mortgage loans payable, are not due and payable in the current period and therefore are not reported as liabilities in the Governmental Funds.	<u>(10,959,562)</u>
Net Position of Governmental Activities (Exhibit A-1)	<u><u>\$ 3,136,484</u></u>

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

PRINCETON CHARTER SCHOOL
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUE:				
Local Sources:				
Charter School Aid	\$ 6,433,698			\$ 6,433,698
Restricted Miscellaneous		\$ 1,003		1,003
Unrestricted Miscellaneous	94,638			94,638
Total - Local Sources	6,528,336	1,003		6,529,339
State Sources	1,501,416			1,501,416
Federal Sources	928,000	219,450		1,147,450
Total Revenue	8,957,752	220,453		9,178,205
EXPENDITURES				
Current:				
Regular Instruction	3,798,916	153,674		3,952,590
Special Education Instruction		65,776		65,776
Other Instruction	212			212
Student & Instruction Related Services	127,961			127,961
General Administrative Services	859,037			859,037
School Administrative Services	500			500
Central Services	152,593			152,593
Administrative Information Technology	113,614			113,614
Plant Operations and Maintenance	496,487			496,487
Employee Benefits	2,118,126			2,118,126
Capital Outlay	656,432		\$ 2,140,533	2,796,965
Total Expenditures	8,323,878	219,450	2,140,533	10,683,861
Excess of Revenue Over/(Under) Expenditures	633,874	1,003	(2,140,533)	(1,505,656)
OTHER FINANCING SOURCES/(USES):				
Transfer to Cover Deficit - Enterprise Fund	(5,516)			(5,516)
Mortgage Loan			4,500,000	4,500,000
Total Other Financing Sources/(Uses)	(5,516)		4,500,000	4,494,484
Net Change in Fund Balances	628,358	1,003	2,359,467	2,988,828
Fund Balance/(Deficit)—July 1 (Restated)	847,527	13,112	(543,135)	317,504
Fund Balance/(Deficit)—June 30	\$ 1,475,885	\$ 14,115	\$ 1,816,332	\$ 3,306,332

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

PRINCETON CHARTER SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)	\$ 2,988,828
<p>Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:</p>	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense differs from capital outlays in the period.	1,652,063
Repayment of the mortgage loan is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	237,391
Governmental funds report the effect of refunding transactions when the debt is first issued, but the amounts are deferred and amortized in the statement of activities. This represents the current year amortization related to the deferred loss on refunding.	(39,970)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:	
Change in Net Pension Liability	375,366
Change in Deferred Outflows	(184,643)
Change in Deferred Inflows	(184,488)
Proceeds from debt issued for the advanced refunding less the amount of bonds defeased are not recorded in the governmental fund. They are reflected in the statement of activities as a special item.	(4,500,000)
Change in Net Position - Governmental Funds (Exhibit A-2)	\$ <u>344,547</u>

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

PRINCETON CHARTER SCHOOL
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2021

	Business-Type Activities		
	Enterprise Funds		
	Food Service Program Major Fund	Total Non-Major Fund	Total All Funds
<u>ASSETS:</u>			
Current Assets:			
Cash and cash equivalents	\$ 8,514	\$ 5,660	\$ 14,174
Accounts Receivable:			
State	23		23
Federal	1,270		1,270
Other	5,967	13,725	19,692
Total Current Assets	<u>15,774</u>	<u>19,385</u>	<u>35,159</u>
Non-Current Assets:			
Capital Assets	18,820		18,820
Less: Accumulated Depreciation	<u>(11,070)</u>		<u>(11,070)</u>
Total Non-Current Assets	<u>7,750</u>		<u>7,750</u>
Total Assets	<u>23,524</u>	<u>19,385</u>	<u>42,909</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Interfund Payable	3,247	19,385	22,632
Unearned Revenue - Prepaid Sales	<u>20,277</u>		<u>20,277</u>
Total Current Liabilities	<u>23,524</u>	<u>19,385</u>	<u>42,909</u>
<u>NET POSITION:</u>			
Investment in Capital Assets	7,750		7,750
Unrestricted/(Deficit)	<u>(7,750)</u>		<u>(7,750)</u>
Total Net Position	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

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

PRINCETON CHARTER SCHOOL
PROPRIETARY FUNDS
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-Type Activities		
	Enterprise Funds		
	Food Service Program Major Fund	Total Non-Major Fund	Total All Funds
Operating Revenue			
Local Sources:			
Daily Sales - Reimbursable programs			
School lunch program	\$ 2,794		\$ 2,794
Total Operating Revenue	2,794		2,794
Operating Expenses:			
Cost of Sales - Reimbursable Programs	12,907		12,907
Depreciation	1,255		1,255
Miscellaneous	744		744
Total Operating Expenses	14,906		14,906
Operating (Loss)	(12,112)		(12,112)
Non-Operating Revenue:			
State Sources:			
Prior Year State Supplemental	249		249
COVID Seamless Summer Option	258		258
Federal Sources:			
National School Lunch Program	119		119
COVID Seamless Summer Option Lunch	5,970		5,970
Total Non-Operating Revenue	6,596		6,596
Change in Net Position Before Transfer	(5,516)		(5,516)
Transfer - General Fund	5,516		5,516
Change in Net Position After Transfer	- 0 -	- 0 -	- 0 -
Net Position - Beginning of Year	- 0 -	- 0 -	- 0 -
Net Position - End of Year	\$ - 0 -	\$ - 0 -	\$ - 0 -

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

PRINCETON CHARTER SCHOOL
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-Type Activities		
	Enterprise Funds		
	Food Service Program Major Fund	Total Non-Major Fund	Total All Funds
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 5,080		\$ 5,080
Receipts from Program Revenues		\$ 5,660	5,660
Payments to Food Service Vendor	(12,907)		(12,907)
Payments to Suppliers	(744)		(744)
Net Cash Provided By/(Used for) Operating Activities	(8,571)	5,660	(2,911)
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements	11,569		11,569
Cash Received from Transfers	5,516		5,516
Net Cash Provided by Noncapital Financing Activities	17,085		17,085
Net Increase in Cash and Cash Equivalents	8,514	5,660	14,174
Cash and Cash Equivalents, July 1	- 0 -	- 0 -	- 0 -
Cash and Cash Equivalents, June 30	\$ 8,514	\$ 5,660	\$ 14,174
Reconciliation of Operating Income/(Loss) to			
Net Cash Provided By/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (12,112)		\$ (12,112)
Adjustment to Reconcile Operating Income/(Loss)			
to Cash Provided By/(Used for) Operating Activities:			
Depreciation	1,255		1,255
Changes in assets and liabilities:			
(Increase)/Decrease in Other Accounts Receivable	51	\$ 5,660	5,711
(Increase)/Decrease in Prepaid Sales	2,235		2,235
Net Cash Provided By/(Used for) Operating Activities	\$ (8,571)	\$ 5,660	\$ (2,911)

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

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

Charter School-Wide Financial Statements:

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

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

Fund Financial Statements:

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

The Charter School reports the following Governmental Funds:

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

As required by NJDOE, the Charter School includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, school taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

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

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities. The financial resources are derived from financing that is authorized by the Board of Trustees.

The Charter School reports the following proprietary funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

D. Budgets/Budgetary Control:

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

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

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. Budgets are prepared using the modified accrual basis of accounting. The budget for the fiscal year ended June 30, 2021 was submitted to the County office and was approved by a vote of the Board of Trustees. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum Charter of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by resolution of the Board of Trustees. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, except for the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund types. Unencumbered appropriations lapse at the end of the fiscal year.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis except for student activities. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	<u>\$ 8,957,752</u>	<u>\$ 220,453</u>
Total Revenues as Reported on the Statement of Revenues,		
Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 8,957,752</u>	<u>\$ 220,453</u>

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 8,323,878</u>	<u>\$ 219,450</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 8,323,878</u>	<u>\$ 219,450</u>

E. Cash and Cash Equivalents and Investments:

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

New Jersey school districts and charter schools are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts and charter schools. Additionally, the Charter School has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

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

F. Interfund Transactions:

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

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

F. Interfund Transactions: (Cont'd)

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in Governmental Funds, other than the Special Revenue Fund, are reported as restricted, committed and/or assigned of fund balances at period-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the Special Revenue Fund for which the Charter School has received advances are reflected in the balance sheet as unearned revenue at period end.

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise and general funds represent payments made to vendors for services that will benefit periods beyond June 30, 2021.

K. Capital Assets:

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

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

K. Capital Assets: (Cont'd)

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

	Estimated Useful Life
Buildings	50 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years

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

L. Long Term Liabilities:

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

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

M. Accrued Salaries and Wages:

The Charter School does not allow employees, who provide services to the Charter School over the ten-month academic year, the option to have their salaries evenly disbursed during the entire twelve-month year. Therefore, there are no accrued salaries and wages for this purpose at June 30, 2021.

N. Compensated Absences:

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

Employees are granted varying amounts of vacation and sick leave in accordance with the Charter School's policies and employee contracts. Upon separation, certain employees are not paid for accrued vacation per district policy. Employees can also accumulate unused sick leave which will not be paid, upon the employee's retirement or separation pursuant to the Charter School's policy or employee contracts.

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: The \$1,483,384 of fund balance in the General Fund at June 30, 2021 consists of \$75,000 which is restricted for Charter School Escrow, \$27,225 which is restricted for Unemployment Compensation and \$1,381,159 which is unassigned.

Special Revenue Fund: The \$14,115 of restricted fund balance in Special Revenue Fund is for Student Activities.

Capital Projects Fund: The \$1,122,324 deficit in fund balance in the Capital Projects Fund at June 30, 2021 is unassigned.

Q. Net Position:

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

A deferred outflow of resources is a consumption of net position by the Charter School that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the Charter School that is applicable to a future reporting period. The Charter School had deferred inflows and outflows of resources related to pensions and a deferred outflow for the loss on the Mortgage Loan at June 30, 2021 and a deferred inflow for the accumulated increase in fair value of hedging derivatives.

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

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

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The Charter School had \$75,000 restricted in net position for Charter School Escrow which is required by NJDOE.

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

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

R. Deficit Net Position/(Fund Balance):

The Charter School had a \$364,709 deficit in its governmental activities due to recording the net pension liability and related deferred outflows and inflows. The Charter School will fund the deficit when it issues the loans secured for this purpose. The Charter School also had a \$7,750 deficit in unrestricted net position in its food service program fund, which is primarily due to loss of revenue due to the Covid-19 pandemic in 2020. The Charter School plans to fund the deficit with a budget transfer from the General Fund in the fiscal year ended June 30, 2022.

S. Fund Balance Restrictions, Commitments and Assignments:

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

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

The Charter School has restricted resources for Charter School escrow, student activities, and unemployment compensation.

The Board of Trustees has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the members of the Board of Trustees at a public meeting of that governing body. The Board of Trustees must also utilize a formal motion or a resolution passed by a majority of the members of the Board of Trustees at a public meeting of that governing body in order to remove or change the commitment of resources. The Charter School has no committed resources at June 30, 2021.

The assignment of resources is generally made by the Board of Trustees through a motion or a resolution passed by a majority of the members of the Board of Trustees. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Trustees may allow an official of the Charter School to assign resources through policies adopted by the Board of Trustees. The Charter School has no assigned resources as of June 30, 2021.

T. Revenue - Exchange and Non-exchange Transactions:

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

Non-exchange transactions, in which the Charter School receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the period for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the period

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

T. Revenue - Exchange and Non-exchange Transactions: (Cont'd)

when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

U. Management Estimates:

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

V. Interest Rate Swap Contract:

The Charter School utilizes an interest rate swap agreement (derivative financial instrument) to reduce interest rate risk. The Charter School does not hold or issue derivative financial instruments for trading purposes. In accordance with GASB, the Charter School recognizes all derivatives as either assets or liabilities and an offsetting deferred outflow or inflow in the statement of financial position and measures those instruments at fair value. Changes in the fair value of these derivatives are reported in the statement of activities. The fair value of derivative instruments is determined by utilizing forward interest rate estimates and present value techniques.

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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

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

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or charter school or bonds or other obligations of the local unit or units within which the school district or charter school is located.

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

Investments: (Cont'd)

- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts and charter schools, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts or charter schools, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.). ;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district or charter school;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district or charter school;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district or charter school with respect to these deposits; and

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

Investments: (Cont'd)

- (e) On the same date that the school district's or charter school's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district or charter school through the designated public depository.

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

	Restricted Cash and Cash Equivalents	Cash and Cash Equivalents	Total
Checking & Savings Accounts	\$ 33,841	\$ 236,162	\$ 270,003

During the period ended June 30, 2021, the Charter School did not hold any investments. The carrying amount of the Charter School's cash and cash equivalents at June 30, 2021, was \$270,003 and the bank balance was \$886,456.

NOTE 4. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 2,560,000			\$ 2,560,000
Construction in Progress	543,135	\$ 2,140,533		2,683,668
Total Capital Assets not Being Depreciated	3,103,135	2,140,533		5,243,668
Capital Assets Being Depreciated:				
Site Improvements	338,252			338,252
Buildings and Building Improvements	12,494,219			12,494,219
Machinery and Equipment	1,108,951			1,108,951
Total Capital Assets Being Depreciated	13,941,422			13,941,422
Governmental Activities Capital Assets	17,044,557	2,140,533		19,185,090

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 4. CAPITAL ASSETS (Cont'd)

	Balance			Balance
	June 30, 2020	Increases	Decreases	June 30, 2021
Less Accumulated Depreciation for:				
Site Improvements	\$ (243,170)	\$ (6,136)		\$ (249,306)
Buildings and Building Improvements	(6,092,494)	(454,906)		(6,547,400)
Machinery and Equipment	(947,698)	(27,428)		(975,126)
Total Accumulated Depreciation	<u>(7,283,362)</u>	<u>(488,470)</u>		<u>(7,771,832)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>9,761,195</u>	<u>1,652,063</u>		<u>11,413,258</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	18,820			18,820
Less Accumulated Depreciation	(9,815)	(1,255)		(11,070)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>9,005</u>	<u>(1,255)</u>		<u>7,750</u>
GRAND TOTAL	<u>\$ 9,770,200</u>	<u>\$ 1,650,808</u>	<u>\$ - 0 -</u>	<u>\$ 11,421,008</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 343,498
Other Instruction	19
Student and Instruction Related Services	11,570
General Administrative Services	78,173
School Administrative Services	45
Administrative Information Technology	10,273
Plant Operations and Maintenance	44,892
	<u>\$ 488,470</u>

NOTE 5. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2021, the following changes occurred in liabilities reported in the Charter School-wide financial statements:

	Balance			Balance
	June 30, 2019	Accrued	Retired	June 30, 2020
Mortgage Loans Payable	\$ 6,696,953	\$ 1,561,344	\$ 237,391	\$ 8,020,906
Net Pension Liability	1,002,857		375,366	627,491
	<u>\$ 7,699,810</u>	<u>\$ 1,561,344</u>	<u>\$ 612,757</u>	<u>\$ 8,648,397</u>

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 5. LONG-TERM LIABILITIES

A. Mortgage Loans Payable

The \$7,391,000 loan requires monthly payments of principal and interest through call on June 17, 2035 when all unpaid principal and interest is due. Interest accrues at a variable rate based on the one-month LIBOR rate (0.09213% at June 30, 2021). At June 30, 2021, the interest rate was 1.3599%. The Charter School entered into an interest rate swap agreement with the Bank for the first twenty years to reduce the impact of changes in the interest rate on this variable rate loan. The swap has a fixed rate of 3.12%. The fair market value of the interest rate swap at June 30, 2021 is \$565,451 which is reflected as a deferred inflow and a non-current asset on the Statement of Net Position.

The \$365,000 loan requires monthly payments of principal and interest through maturity on July 1, 2035 when all unpaid principal and interest is due. Interest accrues at a variable rate based upon the LIBOR rate plus 2%. The interest rate at June 30, 2021 was 2.1003%.

The Charter School had loans payable as of June 30, 2021 as follows:

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Mortgage Loan	6/17/2035	3.12%	\$ 6,182,162
Mortgage Loan Expansion and Renovation Mortgage	7/1/2035	3.98246%	277,400
	12/1/2027	3.50%	4,500,000
			<u>\$ 10,959,562</u>

Principal and interest due on the mortgage loans outstanding are as follows:

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest*</u>	<u>Total</u>
2022	\$ 305,678	\$ 203,036	\$ 508,714
2023	377,053	194,936	571,989
2024	389,168	188,198	577,366
2025	403,637	177,945	581,582
2026	1,638,866	753,161	2,392,027
2027-2031	7,772,160	491,432	8,263,592
2032-2036	73,000	242	73,242
	<u>\$ 10,959,562</u>	<u>\$ 2,008,950</u>	<u>\$ 12,968,512</u>

* - Interest on the remaining \$277,400 of mortgage loan payable is variable and is based on the rate at June 30, 2021. Thus, the actual interest paid may be different than the amount presented above.

The Charter School also entered into a line of credit agreement with Peapack-Gladstone Bank which has a maximum borrowing capacity of \$500,000 and will expire on March 31, 2022. Interest accrues at the Prime rate (5.00 percent at June 30, 2021). The outstanding principal and accrued interest would be due at maturity. As of June 30, 2021, the Charter School had not borrowed any funds under the line of credit.

The loans and line of credit are collateralized by all property of the Charter School and an assignment of any leases and rents.

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 5. LONG-TERM LIABILITIES (Cont'd)

A. Mortgage Loans Payable (Cont'd)

The loan agreement with the Bank contains a debt service coverage ratio test related to the mortgage loans as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Average</u>	<u>Use</u>
Change in Net Position	\$ 344,547	\$ (254,645)	\$ (331,155)		
Add back:					
Interest Expense	293,865	217,255	226,743		
Depreciation	488,470	492,510	501,253		
Net Pension Liability & Related Deferred Inflows & Outflows	<u>(6,235)</u>	<u>90,601</u>	<u>109,507</u>		
EBIDA	<u>\$ 1,120,647</u>	<u>\$ 545,721</u>	<u>\$ 506,348</u>	<u>\$ 724,239</u>	<u>\$ 724,239</u>
Current Year Principal Payments					237,391
Interest Expense (Current Reporting Period)					<u>293,865</u>
					531,256
			Ratio		1.36
			Benchmark		1.05

For the fiscal year ending June 30, 2021, the Charter School was in compliance with the debt service coverage ratio.

The Charter School has loans authorized but not issued for \$4,500,000 for the Expansion and Renovation of Princeton Charter School Project as of June 30, 2021. As of June 30, 2021, the Charter School has drawn down \$1,561,344 on the project, which is expected to be completed by June 30, 2022. The draw down period is 12 months of interest only payments at a fixed rate of 3.50%. The repayment of the loan is based on a 7-year amortization schedule and the final maturity date is December 1, 2027.

B. Loss on Refunding

The refunding of the School's outstanding mortgage debt resulted in a loss on refunding of \$616,200 in 2015. In accordance with GASB, the loss is classified as a deferred outflow of resources. The deferred outflow of resources is amortized as a component of interest expense over the shorter of the life of the old or new debt. This deferred outflow of resources will be recognized in interest expense as follows for the fiscal years ending June 30:

2022	\$ 39,970
2023	39,970
2024	39,970
2025	39,970
2026	39,970
2027-2031	<u>176,530</u>
	<u>\$ 376,380</u>

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 5. LONG-TERM LIABILITIES (Cont'd)

C. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2021 is \$-0- and the long-term portion is \$627,491. See Note 6 for further information on the PERS.

NOTE 6. PENSION PLANS

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

A. Public Employees Retirement System (PERS)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for PERS:

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

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Charter School contributions to PERS amounted to \$42,094 for 2021.

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

Pension Liabilities and Pension Expense

At June 30, 2021, the Charter School's liability was \$627,491 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 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, the Charter School's proportion was .0038%, which was a decrease of 0.0017% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Charter School recognized actual pension expense in the amount of \$42,094.

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

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

	<u>Deferral Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2016	5.57	\$ 20,357	
	2017	5.48		\$ (59,397)
	2018	5.00		(58,273)
	2019	5.21		(46,277)
	2020	5.16		(98,789)
				<u>20,357</u>
Changes in Proportion	2016	5.57	30,193	
	2017	5.48		(26,901)
	2018	5.00	166,230	
	2019	5.21		(18,437)
	2020	5.16		(311,794)
				<u>196,423</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(7,679)	
	2018	5.00	(7,121)	
	2019	5.00	1,723	
	2020	5.00	34,525	
				<u>21,448</u>
Difference Between Expected and Actual Experience	2016	5.57	618	
	2017	5.48	1,766	
	2018	5.63		(2,219)
	2019	5.21	3,537	
	2020	5.16	5,505	
				<u>11,426</u>
District Contribution Subsequent to the Measurement Date	2020	1.00	<u>55,396</u>	
			<u>\$ 305,050</u>	<u>\$ (622,087)</u>

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

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

Fiscal Year Ending June 30,	Total
2021	\$ (78,737)
2022	(71,786)
2023	(41,024)
2024	(16,589)
2025	(3,588)
	\$ (211,724)

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. This actuarial valuation used the following actuarial assumptions:

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 a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-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.

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market 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%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 and the nonemployer contributing entity will be based upon 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

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

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

	June 30, 2020		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 788,156	\$ 627,491	\$ 488,592

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

For additional information about the TPAF, please refer to the Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

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

Contributions

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

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the Charter School. This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal year ended 2021, the State of New Jersey contributed \$823,133 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$1,194,087.

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

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

At June 30, 2021, the State's proportionate share of the net pension liability associated with the Charter School was \$19,202,395. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 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, the Charter School's proportion was 0.02916%, which was an increase of 0.0050491% from its proportion measured as of June 30, 2019.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>19,202,395</u>
Total	<u><u>\$ 19,202,395</u></u>

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the Charter School in the amount of \$1,194,087 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 (excluding employer specific amounts) related to pensions from the following sources:

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

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

	<u>Year of Deferral</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	8.50	\$ 461,324,773	
	2015	8.30	1,638,696,238	
	2016	8.30	4,304,747,820	
	2017	8.30		\$ 6,882,861,832
	2018	8.29		4,349,959,805
	2019	8.04		3,009,143,115
	2020	7.99	1,411,170,422	
			<u>7,815,939,253</u>	<u>14,241,964,752</u>
Difference Between Expected and Actual Experience	2014	8.50		4,393,807
	2015	8.30	101,207,836	
	2016	8.30		53,533,223
	2017	8.30	122,460,660	
	2018	8.29	763,099,015	
	2019	8.04		116,909,940
	2020	7.99		7,520,890
			<u>986,767,511</u>	<u>182,357,860</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(226,008,261)	
	2018	5.00	(192,060,744)	
	2019	5.00	108,662,078	
	2020	5.00	965,582,162	
			<u>656,175,235</u>	
			<u>\$ 9,458,881,999</u>	<u>\$ 14,424,322,612</u>

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

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

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

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)
	\$ (4,965,440,613)

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

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

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-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, 2015 to June 30, 2018.

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 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's target asset allocation as of June 30, 2020 are summarized in the table on the following page.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market 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%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate – TPAF

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 made based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on pension 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.

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the Charter School as of June 30, 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:

	June 30, 2020		
	At 1% Decrease (4.40%)	At Current Discount Rate (5.40%)	At 1% Increase (6.40%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 22,555,462	\$ 19,202,395	\$ 16,418,236

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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 DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Charter School recognized pension expense of \$42,094 for the year ended June 30, 2021. Employee contributions to DCRP amounted to \$17,872 for the year ended June 30, 2021.

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 7. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2021, the Charter School had no encumbrances.

NOTE 8. DEFERRED COMPENSATION

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

NOTE 9. ECONOMIC DEPENDENCY

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

NOTE 10. RISK MANAGEMENT

The Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The Charter School provides employees with health benefit coverage through the State of New Jersey Health Benefits Plan.

Property and Liability Insurance

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

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

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

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

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

Selected financial information for NJSIG as of June 30, 2021 was unavailable as of the date of this report. Selected financial information for NJSIG as of June 30, 2020 is as follows:

Total Assets	\$ 384,022,002
Net Position	\$ 138,857,553
Total Revenue	\$ 144,445,665
Total Expenses	\$ 113,037,156
Change in Net Position	\$ 31,408,509
Net Position Distribution to Participating Members	\$ - 0 -

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

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

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>Employer/ Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021	\$ 7,124		\$ 27,225
2019-2020	6,952	\$ 445	20,101
2018-2019	6,571		13,594

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The following interfund balances remained on the balance sheet at June 30, 2021.

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 1,222,629	
Special Revenue Fund		\$ 77,673
Capital Projects Fund		1,122,324
Food Service Enterprise Fund		3,247
Student Programs Enterprise Fund		19,385
	\$ 1,222,629	\$ 1,222,629

The interfund payables in the Special Revenue, Capital Projects and Food Service and Enterprise Fund are for cash advanced from the General Fund while awaiting grant collections, loan proceeds and subsidy reimbursements. The interfund payable in the Student Programs Enterprise Fund is for cash advanced from the General Fund during the previous fiscal year.

NOTE 12. PAYCHECK PROTECTION PROGRAM LOAN

The Charter School was approved for a Paycheck Protection Program Loan on April 21, 2020 and received \$928,000. The loan was forgiven by the federal government during the current fiscal year.

NOTE 13. ACCOUNTS PAYABLE

At year end June 30, 2021, the Charter School has the following accounts payable:

	Charter School Contribution Subsequent to Measurement Date	Total Governmental Activities
State of New Jersey	\$ 55,396	\$ 55,396
	\$ 55,396	\$ 55,396

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

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

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

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

Employees Covered by Benefit Terms

At June 30, 2018, the plan membership consisted of the following:

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

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Total Nonemployer OPEB Liability

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

Actuarial Assumptions and Other Inputs

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

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

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

Mortality Rates

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

Health Care Trend Assumptions

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

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Discount Rate

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

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	\$ 4,568,028
Changes for Year:	
Service Cost	303,843
Interest on the Total OPEB Liability	185,935
Changes in Assumptions	68,072
Differences Between Expected and Actual Experiences	(424,367)
Gross Benefit Payments by the State	(140,148)
Contributions from Members	4,154
Net Changes	(2,511)
Balance at June 30, 2019	\$ 4,565,517

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

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

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the Charter School	\$ 5,393,680	\$ 4,565,517	\$ 3,907,670

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the Charter School to Changes in the Healthcare Trend Rate

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

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the Charter School	\$ 3,761,783	\$ 4,565,517	\$ 5,629,496

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

For the fiscal year ended June 30, 2021 the District recognized OPEB expense of \$403,462 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

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

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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

	<u>Deferral</u> <u>Year</u>	<u>Period</u> <u>in Years</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Changes in Assumptions	2017	9.54		\$ 531,518
	2018	9.51		457,178
	2019	9.29	<u>\$ 60,744</u>	<u>988,696</u>
			<u>60,744</u>	
Differences between Expected and Actual Experience	2018	9.51		432,176
	2019	9.29		714,969
				<u>1,147,145</u>
Changes in Proportion	N/A	N/A	<u>1,384,170</u>	
			<u>\$ 1,444,914</u>	<u>\$ 2,135,841</u>

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2020	\$ (278,612)
2021	(278,612)
2022	(278,612)
2023	(278,612)
2024	(278,612)
Thereafter	<u>(682,037)</u>
	<u>\$ (2,075,097)</u>

PRINCETON CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 15. SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States and specifically in New Jersey continues to cause disruption of the Charter School's financial operations. Though the impact on the Charter School's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. There have been additional operating expenses in the General Fund due to schools re-opening on a full-time basis.

The Charter School's Food Service Fund has been impacted by COVID-19 for the fiscal year ending June 30, 2021 as the Charter School continues to offer free lunch to all students under the Seamless Summer Option. The Charter School's Enterprise Fund will likely be impacted by COVID-19 for the fiscal year ending June 30, 2022.

NOTE 16. PRIOR YEAR ADJUSTMENT

GASB 84, *Fiduciary Activities*, was implemented during the fiscal year ended June 30, 2021. As part of this implementation, the activity for the Unemployment Compensation Insurance Trust Fund which had previously been reported in the Fiduciary Funds is now reported in the General Fund. The Student Activities Fund is now reported in the Special Revenue Fund. The ending balances as of June 30, 2020 were restated due to this implementation as follows:

	Balance 6/30/20 as Previously Reported	Retroactive Adjustments	Balance 6/30/21 as Restated
<u>Statement of Net Activities - Governmental Activities:</u>			
Net Position - Ending	\$ 2,758,724	\$ 33,213	\$ 2,791,937
 <u>Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds:</u>			
General Fund:			
Fund Balance - June 30	827,426	20,101	847,527
Special Revenue Fund:			
Fund Balance - June 30	-0-	13,112	13,112
 <u>Statement of Changes in Fiduciary Net Position - Fiduciary Funds:</u>			
Unemployment Compensation Trust:			
Net Position - End of the Year	20,101	(20,101)	-0-

REQUIRED SUPPLEMENTARY SCHEDULES

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Charter School's Proportion of the Net Pension Liability	0.0029932595%	0.0030915455%	0.0045768408%	0.0041200647%	0.0056978300%	0.0055657137%	0.0038478922%
Charter School's proportionate share of the Net Pension Liability	\$ 560,420	\$ 693,990	\$ 1,355,529	\$ 959,085	\$ 1,121,874	\$ 1,002,857	\$ 627,491
Charter School's Covered Employee Payroll	\$ 207,000	\$ 213,250	\$ 194,994	\$ 345,651	\$ 422,752	\$ 325,110	\$ 321,717
Charter School's proportionate share of the Net Pension Liability as a percentage of its Covered Employee Payroll	270.73%	325.43%	695.16%	277.47%	265.37%	308.47%	195.04%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	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.

PRINCETON CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually Required Contribution	\$ 24,676	\$ 26,579	\$ 40,660	\$ 39,028	\$ 57,294	\$ 54,591	\$ 42,094
Contributions in relation to the Contractually Required Contribution	(24,676)	(26,579)	(40,660)	(39,028)	(57,294)	(54,591)	(42,094)
Contribution Deficiency/(Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Covered Employee Payroll	\$ 213,250	\$ 194,994	\$ 345,651	\$ 422,752	\$ 325,110	\$ 321,717	\$ 464,172
Contributions as a percentage of Covered Employee Payroll	11.57%	13.63%	11.76%	9.23%	17.62%	16.97%	9.07%

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

PRINCETON CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY ASSOCIATED WITH THE CHARTER SCHOOL
TEACHERS' PENSION AND ANNUITY FUND
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
State's proportion of the net pension liability attributable to the Charter School	0.0248024512%	0.0260592790%	0.0246761498%	0.0256731247%	0.0248189179%	0.0241122284%	0.0291613450%
State's proportionate share of the Net Pension Liability attributable to the Charter School	\$ 13,256,103	\$ 16,470,577	\$ 19,411,831	\$ 17,309,746	\$ 15,789,262	\$ 14,797,902	\$ 19,202,395
Charter School's Covered Employee Payroll	\$ 2,563,929	\$ 2,474,124	\$ 2,262,360	\$ 2,549,587	\$ 2,988,817	\$ 3,063,391	\$ 3,221,539
State's proportionate share of the Net Pension Liability attributable to the Charter School as a percentage of its Covered Employee Payroll	517.02%	665.71%	858.03%	678.92%	528.28%	483.06%	596.06%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%

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

PRINCETON CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually Required Contribution	\$ 713,303	\$ 1,005,677	\$ 1,458,529	\$ 1,199,132	\$ 920,459	\$ 872,820	\$ 1,194,087
Contributions in relation to the Contractually Required Contribution	(364,543)	(432,815)	(530,485)	(365,495)	(474,229)	(639,621)	(823,133)
Contribution Deficiency/(Excess)	\$ 348,760	\$ 572,862	\$ 928,044	\$ 833,637	\$ 446,230	\$ 233,199	\$ 370,954
District's Covered Employee Payroll	\$ 2,262,360	\$ 2,549,591	\$ 2,549,587	\$ 2,988,817	\$ 3,063,391	\$ 3,221,539	\$ 3,294,791
Contributions as a percentage of Covered Employee Payroll	16.11%	16.98%	20.81%	12.23%	15.48%	19.85%	24.98%

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

PRINCETON CHARTER SCHOOL
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
ASSOCIATED WITH THE CHARTER SCHOOL AND RELATED RATIOS
LAST THREE FISCAL YEARS

	Fiscal Year Ending June 30,	
	2017	2018
Change in Total OPEB Liability:		
Service Cost	\$ 359,509	\$ 299,881
Interest Cost	142,911	167,593
Differences Between Expected and Actual Experience	(667,530)	302,759
Changes in Assumptions	3,787	(524,204)
Member Contributions	(102,838)	4,222
Gross Benefit Payments	(264,161)	(122,147)
Net Change in Total OPEB Liability	(264,161)	128,104
Total OPEB Liability - Beginning	4,704,085	4,439,924
Total OPEB Liability - Ending	<u>\$ 4,439,924</u>	<u>\$ 4,568,028</u>
State's Covered Employee Payroll *	\$ 2,457,354	\$ 2,895,242
Total OPEB Liability as a Percentage of Covered Employee Payroll	181%	158%

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

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

PRINCETON CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020. The municipal bond rate changed from 3.50% to 2.21%.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

C. State Health Benefit Local Education Retired Employees OPEB Plan

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

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

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

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

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

PRINCETON CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

C. State Health Benefit Local Education Retired Employees OPEB Plan (Cont'd)

2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

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

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

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

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

BUDGETARY COMPARISON SCHEDULES

PRINCETON CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local Sources:					
Local Levy - Charter School Aid - Local Share	\$ 6,677,620	\$ (243,922)	\$ 6,433,698	\$ 6,433,698	
Unrestricted Miscellaneous Revenue	100,000	(100,000)		94,638	\$ 94,638
Total - Local Sources	6,777,620	(343,922)	6,433,698	6,528,336	94,638
State Sources:					
Special Education Aid - Charter School Aid	162,553	(42,542)	120,011	120,011	
Security Aid	39,621	(1,429)	38,192	38,192	
On-Behalf TPAF Pension Contributions (Non-Budgeted)				823,133	823,133
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				262,865	262,865
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				800	800
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				15,661	15,661
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				240,754	240,754
Total State Sources	202,174	(43,971)	158,203	1,501,416	1,343,213
Total Revenues	6,979,794	(387,893)	6,591,901	8,029,752	1,437,851

PRINCETON CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Regular Programs - Instruction:					
Grades 1-5 - Salaries of Teachers	\$ 3,028,254	\$ 324,608	\$ 3,352,862	\$ 3,352,862	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	146,529	86,980	233,509	233,509	
Purchased Professional/Technical Services	12,614	41,265	53,879	53,879	
Other Purchased Services	21,800	(233)	21,567	21,567	
General Supplies	88,000	5,738	93,738	93,738	
Textbooks	20,000	(2,535)	17,465	17,465	
Other Objects	10,750	15,146	25,896	25,896	
Total Regular Programs - Instruction	3,327,947	470,969	3,798,916	3,798,916	
School-Sponsored Athletics - Instruction:					
Other Purchased Services		212	212	212	
Total School-Sponsored Athletics - Instruction		212	212	212	
Total Instruction	3,327,947	471,181	3,799,128	3,799,128	
Undistributed Expenditures:					
Attendance and Social Work:					
Other Purchased Services	7,525	13,285	20,810	20,810	
Total Attendance and Social Work	7,525	13,285	20,810	20,810	

PRINCETON CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures:					
Health Services:					
Salaries	\$ 112,248	\$ (11,990)	\$ 100,258	\$ 100,258	
Purchased Professional/Technical Services	10,100	(8,132)	1,968	1,968	
Supplies and Materials	4,250	(2,646)	1,604	1,604	
Total Health Services	<u>126,598</u>	<u>(22,768)</u>	<u>103,830</u>	<u>103,830</u>	
Speech, OT, PT, and Related Services:					
Purchased Professional Educational Services	7,200	(3,879)	3,321	3,321	
Total Speech, OT, PT, and Related Services	<u>7,200</u>	<u>(3,879)</u>	<u>3,321</u>	<u>3,321</u>	
General Administration:					
Salaries	674,824	21,979	696,803	696,803	
Legal Services	50,000	(21,975)	28,025	28,025	
Audit Fees	25,500	16,250	41,750	41,750	
Communications/Telephone	19,302	(11,291)	8,011	8,011	
Other Purchased Services	15,236	16,139	31,375	31,375	
Miscellaneous Purchased Services	38,583	(38,583)			
Supplies and Materials	7,000	1,865	8,865	8,865	
Judgements Against School District	30,000	(30,000)			
Membership Dues and Fees	10,771	38,953	49,724	44,208	\$ 5,516
Total General Administration	<u>871,216</u>	<u>(6,663)</u>	<u>864,553</u>	<u>859,037</u>	<u>5,516</u>

PRINCETON CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures:					
School Administration:					
Other Purchased Services	\$ 3,000	\$ (2,500)	\$ 500	\$ 500	
Total School Administration	3,000	(2,500)	500	500	
Central Services:					
Purchased Professional Services	133,635	18,958	152,593	152,593	
Total Central Services	133,635	18,958	152,593	152,593	
Administrative Information Technology:					
Purchased Professional and Technical Services	103,535	9,454	112,989	112,989	
Supplies and Materials	4,828	(4,203)	625	625	
Total Administrative Information Technology	108,363	5,251	113,614	113,614	
Custodial Services:					
Salaries	106,250	(38,000)	68,250	68,250	
Purchased Professional and Technical Services	97,970	6,303	104,273	104,273	
Other Purchased Property Services	63,196	(15,135)	48,061	48,061	
Rental of Land & Bldg. Other than Lease Purchase	18,400	12,645	31,045	31,045	
Insurance	54,167	(12,883)	41,284	41,284	
General Supplies	40,400	36,661	77,061	77,061	
Energy (Electric)	82,820	25,706	108,526	108,526	
Energy (Oil)	4,040	7,435	11,475	11,475	
Energy (Water)	7,828	(4,917)	2,911	2,911	
Total Custodial Services	475,071	17,815	492,886	492,886	

PRINCETON CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures:					
Care and Upkeep of Grounds:					
Purchased Professional and Technical Services	\$ 25,250	\$ (21,649)	\$ 3,601	\$ 3,601	
Total Care and Upkeep of Grounds	25,250	(21,649)	3,601	3,601	
Student Transportation Services:					
Contracted Services:					
Other than Between Home and School - Vendors	13,635	(13,635)			
Total Student Transportation Services	13,635	(13,635)			
Unallocated Employee Benefits:					
Social Security Contributions	77,908	16,482	94,390	94,390	
Other Retirement Contributions - PERS	59,597	(17,503)	42,094	42,094	
Unemployment Compensation	20,200	(15,966)	4,234	4,234	
Workmen's Compensation	42,901	(17,484)	25,417	25,417	
Health Benefits	547,876	60,902	608,778	608,778	
Total Unallocated Benefits	748,482	26,431	774,913	774,913	
On-Behalf Contributions: (Non-Budgeted)					
On-Behalf TPAF Pension Contributions (Non-Budgeted)				823,133	\$ (823,133)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				262,865	(262,865)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				800	(800)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				15,661	(15,661)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				240,754	(240,754)
Total On-Behalf Contributions				1,343,213	(1,343,213)

PRINCETON CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
TOTAL GENERAL CURRENT EXPENSE	\$ 5,847,922	\$ 481,827	\$ 6,329,749	\$ 7,667,446	\$ (1,337,697)
Capital Outlay:					
Equipment:					
Non Instructional Equipment	5,000	(5,000)			
Total Equipment	5,000	(5,000)			
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services		125,176	\$ 125,176	\$ 125,176	
Construction Services	300,000	(300,000)			
Interest on Mortgage	487,216	(193,351)	293,865	293,865	
Principal on Mortgage	207,930	29,461	237,391	237,391	
Total Facilities Acquisition and Construction Services	995,146	(338,714)	656,432	656,432	
Total Capital Outlay	1,000,146	(343,714)	656,432	656,432	
Total Expenditures	6,848,068	138,113	6,986,181	8,323,878	(1,337,697)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	131,726	(526,006)	(394,280)	(294,126)	100,154
Other Financing Sources (Uses):					
Payroll Protection Program Loan Forgiveness				928,000	928,000
Transfer to Cover Deficit - Enterprise Fund		(5,516)	(5,516)	(5,516)	
Total Other Financing (Uses):		(5,516)	(5,516)	922,484	928,000

PRINCETON CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures and Other Financing Uses	\$ 131,726	\$ (531,522)	\$ (399,796)	\$ 628,358	\$ 1,028,154
Fund Balance, July 1 (Restated)	<u>847,527</u>		<u>847,527</u>	<u>847,527</u>	
Fund Balance, June 30	<u>\$ 979,253</u>	<u>\$ (531,522)</u>	<u>\$ 447,731</u>	<u>\$ 1,475,885</u>	<u>\$ 1,028,154</u>
Restricted:					
Charter School Escrow				\$ 75,000	
Unemployment Compensation				19,726	
Unassigned				<u>1,381,159</u>	
Fund Balance per Governmental Funds GAAP/Budgetary Basis				<u>\$ 1,475,885</u>	

PRINCETON CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources		\$ 1,003	\$ 1,003	\$ 1,003	
Federal Sources	\$ 219,450		219,450	219,450	
Total Revenue	219,450	1,003	220,453	220,453	
Expenditures:					
Instruction:					
Salaries of Teachers	39,627		39,627	39,627	
Other Purchased Services	5,032		5,032	5,032	
General Supplies	34,637		34,637	34,637	
Total Instruction	79,296		79,296	79,296	
Support Services:					
Employee Benefits	3,032		3,032	3,032	
Purchased Professional/Technical Services	85,329		85,329	85,329	
Other Purchased Services	18,109		18,109	18,109	
Supplies and Materials	33,684		33,684	33,684	
Total Support Services	140,154		140,154	140,154	
Total Expenditures	219,450		219,450	219,450	
Excess/(Deficiency) of Revenue Over/ (Under) Expenditures	\$ - 0 -	\$ 1,003	\$ 1,003	\$ 1,003	\$ - 0 -

PRINCETON CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:	General Fund	Special Revenue Fund
	<u> </u>	<u> </u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 8,957,752	\$ 220,453
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 8,957,752</u>	<u>\$ 220,453</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 8,323,878	\$ 219,450
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 8,323,878</u>	<u>\$ 219,450</u>

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. The budget for the fiscal year ended June 30, 2021 was submitted to the County office and was approved by a vote of the Board of Trustees. Budgets are prepared using the modified accrual basis of accounting. The legal level budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest of (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

PRINCETON CHARTER SCHOOL
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Student Activities	Elementary and Secondary Education Act Title I		IDEA Basic	IDEA Preschool	Covid-19		Coronavirus Relief Fund	Totals June 30, 2021
		Education Act Title I	Education Act Title I			Emergency Relief	ESSER II		
REVENUE:									
Local Sources	\$ 1,003	\$ 42,659	\$ 64,493	\$ 1,283	\$ 19,951	\$ 77,673	\$ 13,391	\$ 1,003	\$ 219,450
Federal Sources									
Total Revenue	1,003	42,659	64,493	1,283	19,951	77,673	13,391	220,453	
EXPENDITURES:									
Instruction:									
Salaries of Teachers		39,627						39,627	
Other Purchased Services					5,032			5,032	
General Supplies					19,951	14,686		34,637	
Total Instruction		39,627			19,951	19,718		79,296	
Support Services:									
Employee Benefits		3,032						3,032	
Purchased Professional and Technical Services			64,493	1,283		19,553		85,329	
Other Purchased Services						18,109		18,109	
Supplies and Materials						20,293	13,391	33,684	
Total Support Services		3,032	64,493	1,283		57,955	13,391	140,154	
Total Expenditures	\$ -0-	\$ 42,659	\$ 64,493	\$ 1,283	\$ 19,951	\$ 77,673	\$ 13,391	\$ 219,450	

CAPITAL PROJECTS FUND

PRINCETON CHARTER SCHOOL
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Revenue and Other Financing Sources:	
Mortgage Loan	\$ 4,500,000
	<hr/>
Total Revenues and Other Financing Sources	4,500,000
	<hr/>
Expenditures:	
Construction Services	2,087,440
Legal Services	53,093
	<hr/>
Total Expenditures and Other Financing Uses	2,140,533
	<hr/>
Deficiency of Revenues and Other Financing Sources Under Expenditures	2,359,467
	<hr/>
Fund Balance/(Deficit) - Beginning Balance	\$ (543,135)
	<hr/>
Fund Balance/(Deficit) - Ending Balance	\$ 1,816,332
	<hr/> <hr/>

PRINCETON CHARTER SCHOOL
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES,
PROJECT BALANCES AND PROJECT STATUS
BUDGETARY BASIS
EXPANSION AND RENOVATION OF THE PRINCETON CHARTER SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Mortgage Loan		\$ 4,500,000	\$ 4,500,000	\$ 4,500,000
Total Revenue and Other Financing Sources		4,500,000	4,500,000	4,500,000
Expenditures:				
Construction Services		2,087,440	2,087,440	3,925,000
Legal Services		53,093	53,093	25,000
Other Purchased Professional Technical Services	\$ 543,135		543,135	550,000
Total Expenditures	543,135	2,140,533	2,683,668	4,500,000
Excess (Deficit) of Revenue and Other Financing Sources Over (Under) Expenditures	\$ (543,135)	\$ 2,359,467	\$ 1,816,332	\$ - 0 -
Additional Project Information:				
Project Number		N/A		
Grant Date		N/A		
Original Authorized Cost	\$ 4,500,000			
Percentage Completion		59.64%		
Original Target Completion Date		12/31/2020		
Revised Target Completion Date		6/30/2022		

PROPRIETARY FUNDS

PRINCETON CHARTER SCHOOL
ENTERPRISE FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Major Fund</u> <u>Food Service</u> <u>Program</u>	<u>Non-Major Fund</u> <u>Student</u> <u>Programs</u>	<u>Total</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and cash equivalents	\$ 8,514	\$ 5,660	\$ 14,174
Accounts Receivable:			
State	23		23
Federal	1,270		1,270
Other	5,967	13,725	19,692
Total Current Assets	<u>15,774</u>	<u>19,385</u>	<u>35,159</u>
Non-Current Assets:			
Capital Assets	18,820		18,820
Less: Accumulated Depreciation	<u>(11,070)</u>		<u>(11,070)</u>
Total Non-Current Assets	<u>7,750</u>		<u>7,750</u>
Total Assets	<u>23,524</u>	<u>19,385</u>	<u>42,909</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Interfund Payable	3,247	19,385	22,632
Unearned Revenue - Prepaid Sales	<u>20,277</u>		<u>20,277</u>
Total Current Liabilities	<u>23,524</u>	<u>19,385</u>	<u>42,909</u>
<u>NET POSITION:</u>			
Investment in Capital Assets	7,750		7,750
Unrestricted/(Deficit)	<u>(7,750)</u>		<u>(7,750)</u>
Total Net Position	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

PRINCETON CHARTER SCHOOL
ENTERPRISE FUNDS
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Major Fund</u> <u>Food Service</u> <u>Program</u>	<u>Non-Major Fund</u> <u>Student</u> <u>Programs</u>	<u>Total</u>
Operating Revenue			
Local Sources:			
Daily Sales - Reimbursable programs			
School lunch program:	\$ 2,794		\$ 2,794
Total Operating Revenue	2,794		2,794
Operating Expenses:			
Cost of Sales - Reimbursable programs	12,907		12,907
Depreciation	1,255		1,255
Miscellaneous	744		744
Total Operating Expenses	14,906		14,906
Operating (Loss)	(12,112)		(12,112)
Non-Operating Revenue:			
State Sources:			
Prior Year State Supplemental	249		249
COVID Seamless Summer Option	258		258
Federal Sources:			
National School Lunch Program	119		119
COVID Seamless Summer Option Lunch	5,970		5,970
Total Non-Operating Revenue	6,596		6,596
Change in Net Position Before Transfers	(5,516)		(5,516)
Transfer - General Fund	5,516		5,516
Change in Net Position After Other Transfers	- 0 -	- 0 -	- 0 -
Net Position - Beginning of Year	- 0 -	- 0 -	- 0 -
Net Position - End of Year	\$ - 0 -	\$ - 0 -	\$ - 0 -

PRINCETON CHARTER SCHOOL
ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Major Fund</u> <u>Food Service</u> <u>Program</u>	<u>Non-Major Fund</u> <u>Student</u> <u>Programs</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 5,080		\$ 5,080
Receipts from Program Revenues		\$ 5,660	5,660
Payments to Food Service Vendor	(12,907)		(12,907)
Payments to Suppliers	(744)		(744)
Net Cash Provided By/(Used for) Operating Activities	<u>(8,571)</u>	<u>5,660</u>	<u>(2,911)</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements	11,569		11,569
Cash Received from Transfers	5,516		5,516
Net Cash Provided by Noncapital Financing Activities	<u>17,085</u>		<u>17,085</u>
Net Increase in Cash and Cash Equivalents	8,514	5,660	14,174
Cash and Cash Equivalents, July 1	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
Cash and Cash Equivalents, June 30	<u>\$ 8,514</u>	<u>\$ 5,660</u>	<u>\$ 14,174</u>
Reconciliation of Operating Income/(Loss) to			
Net Cash Provided By/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (12,112)	\$ -0-	\$ (12,112)
Adjustment to Reconcile Operating Income/(Loss)			
to Cash Provided By/(Used for) Operating Activities:			
Depreciation	1,255		1,255
Changes in Assets and Liabilities:			
(Increase)/Decrease in Other Accounts Receivable	51	5,660	5,711
(Increase)/Decrease in Prepaid Sales	2,235		2,235
Net Cash Provided By/(Used for) Operating Activities	<u>\$ (8,571)</u>	<u>\$ 5,660</u>	<u>\$ (2,911)</u>

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM DEBT

PRINCETON CHARTER SCHOOL
LONG-TERM DEBT
SCHEDULE OF MORTGAGE LOANS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance June 30, 2020	Matured	Balance June 30, 2021
			Date	Amount	June 30, 2021				
Mortgage Loan	06/27/2015	\$ 7,391,000	2021/22	\$ 230,827	3.12%	\$ 6,404,953	\$ 222,791	\$ 6,182,162	
			2022/23	239,152	3.12%				
			2023/24	247,234	3.12%				
			2024/25	256,696	3.12%				
			2025/26	265,955	3.12%				
			2026/27	275,547	3.12%				
			2027/28	285,047	3.12%				
			2028/29	295,767	3.12%				
			2029/30	306,435	3.12%				
			2030/31	317,488	3.12%				
			2031/32	328,621	3.12%				
			2032/33	340,793	3.12%				
			2033/34	353,085	3.12%				
			2034/35	2,439,515	3.12%				

PRINCETON CHARTER SCHOOL
LONG-TERM DEBT
SCHEDULE OF MORTGAGE LOANS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds				Balance June 30, 2020	Issued	Matured	Balance June 30, 2021
			Date	Outstanding June 30, 2021 Amount	Interest Rate	Balance June 30, 2021				
Mortgage Loan	6/27/2015	\$ 365,000	2021/22	\$ 14,600	3.98246%	\$ 292,000		\$ 14,600	\$ 277,400	
			2022/23	14,600	3.98246%					
			2023/24	14,600	3.98246%					
			2024/25	14,600	3.98246%					
			2025/26	14,600	3.98246%					
			2026/27	14,600	3.98246%					
			2027/28	14,600	3.98246%					
			2028/29	14,600	3.98246%					
			2029/30	14,600	3.98246%					
			2030/31	14,600	3.98246%					
			2031/32	14,600	3.98246%					
			2032/33	14,600	3.98246%					
			2033/34	14,600	3.98246%					
			2034/35	14,600	3.98246%					
			2035/36	73,000	3.98246%					
	Expansion and Renovation Mortgage	6/1/2021	4,500,000	2021/22	60,251	3.50%		\$ 4,500,000		4,500,000
			2022/23	123,301	3.50%					
			2023/24	127,334	3.50%					
			2024/25	132,341	3.50%					
			2025/26	137,115	3.50%					
			2026/27	142,060	3.50%					
			2027/28	3,777,598	3.50%					
						<u>\$ 6,696,953</u>	<u>\$ 4,500,000</u>	<u>\$ 237,391</u>	<u>\$ 10,959,562</u>	

STATISTICAL SECTION
(UNAUDITED)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

PRINCETON CHARTER SCHOOL
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(UNAUDITED)
(Accrual Basis of Accounting)

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020 *	2021
Governmental Activities:										
Net Investment in Capital Assets	\$ 5,004,850	\$ 4,957,173	\$ 4,819,417	\$ 3,925,810	\$ 3,582,973	\$ 3,269,440	\$ 3,008,598	\$ 3,327,729	\$ 3,064,242	\$ 453,696
Restricted	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	108,213	108,841
Unrestricted/(Deficit)	366,515	396,291	412,216	267,234	375,774	230,046	265,056	(385,232)	(380,518)	2,573,947
Total Governmental Activities Net Position	\$ 5,446,365	\$ 5,428,464	\$ 5,306,633	\$ 4,268,044	\$ 4,033,747	\$ 3,574,486	\$ 3,348,654	\$ 3,017,499	\$ 2,791,937	\$ 3,136,484
Business-Type Activities:										
Investment in Capital Assets	\$ 6,492	\$ 17,795	\$ 16,540	\$ 15,285	\$ 14,027	\$ 12,772	\$ 11,547	\$ 10,322	\$ 9,005	\$ 7,750
Unrestricted/(Deficit)		7,747	6,823	1,761	5,507	9,432	9,326	3,796	(9,005)	(7,750)
Total Business-Type Activities Net Position	\$ 6,492	\$ 25,542	\$ 23,363	\$ 17,046	\$ 19,534	\$ 22,204	\$ 20,873	\$ 14,118	\$ -0-	\$ -0-
Charter School-Wide										
Net Investment in Capital Assets	\$ 5,004,850	\$ 4,974,968	\$ 4,835,957	\$ 3,941,095	\$ 3,597,000	\$ 3,282,212	\$ 3,020,145	\$ 3,338,053	\$ 3,073,247	\$ 461,446
Restricted	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	108,213	108,841
Unrestricted/(Deficit)	373,007	404,038	419,039	268,995	381,281	239,478	274,382	(381,436)	(389,523)	2,566,197
Total Charter School-Wide Net Position	\$ 5,452,857	\$ 5,454,006	\$ 5,329,996	\$ 4,285,090	\$ 4,053,281	\$ 3,596,690	\$ 3,369,527	\$ 3,031,617	\$ 2,791,937	\$ 3,136,484

* - Restated

Source: Princeton Charter School Financial Reports.

PRINCETON CHARTER SCHOOL
REVENUES, EXPENSES AND CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)
(Accrual Basis of Accounting)

	For Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 2,949,759	\$ 3,137,509	\$ 3,189,500	\$ 3,618,617	\$ 3,953,523	\$ 4,445,743	\$ 5,573,943	\$ 5,927,146	\$ 6,020,368	\$ 6,770,450
Special Education							51,007	55,875	60,872	65,776
Other Instruction	59,722						4,234	5,320	3,286	231
Support Services:										
Student & Instruction Related Services	81,823	233,646	326,853	560,201	329,174	466,995	163,637	239,342	142,047	156,839
General Administration Services	1,023,426	1,083,136	1,110,063	1,228,372	1,306,584	1,353,676	833,825	1,177,129	1,133,815	1,057,089
School Administration Services							255,204	7,696	667	545
Central Services							219,939	91,276	118,257	152,593
Administrative Information Technology							115,740	94,741	106,309	123,897
Plant Operations And Maintenance	617,157	580,042	634,119	695,803	674,854	680,032	582,444	733,152	683,751	553,262
Pupil Transportation	12,518	10,157	14,222	12,446	11,958	13,171	8,615	14,870	12,750	
Interest on Long-Term Debt	339,570	327,663	313,140	313,193	260,692	274,907	270,880	263,320	268,991	277,361
Unallocated Depreciation	486,583	490,996	496,918	496,953	497,495	480,057	476,784	99,193		181,650
Total Governmental Activities Expenses	5,570,558	5,863,149	6,084,815	6,925,585	7,034,280	7,714,581	8,556,252	8,609,867	8,650,306	9,339,693
Business-Type Activities:										
Food Service Program	120,753	59,438	96,982	94,412	93,933	107,960	127,568	138,208	104,411	14,906
Chess Program	12,250	17,950	11,850	13,686	15,900	16,276				
Student Programs	34,146	59,694	56,205	71,386	73,278	124,226	183,221	179,998	75,854	
Total Business-Type Activities Expenses	180,300	137,082	165,037	179,484	183,111	248,462	310,789	318,206	180,265	14,906
Total Charter School-Wide Expenses	5,750,858	6,000,231	6,249,852	7,105,069	7,217,391	7,963,043	8,867,041	8,928,073	8,830,571	9,354,599
Program Revenues:										
Governmental Activities:										
Operating Grants and Contributions	465,918	608,485	554,157	1,132,893	1,359,703	1,777,953	2,146,694	1,862,028	1,852,505	2,232,417
Capital Grants and Contributions										1,003
Total Governmental Activities Program Revenues	465,918	608,485	554,157	1,132,893	1,359,703	1,777,953	2,146,694	1,862,028	1,852,505	2,233,420
Business-Type Activities:										
Charges for Services	173,393	121,263	153,239	154,092	178,241	212,245	261,416	244,326	135,875	2,794
Operating Grants and Contributions	8,653	4,870	9,619	8,375	7,358	28,887	38,886	38,078	18,686	6,596
Total Business-Type Activities Program Revenues	182,046	126,133	162,858	162,467	185,599	241,132	300,302	282,404	154,561	9,390
Total Charter School-Wide Program Revenues	647,964	734,618	717,015	1,295,360	1,545,302	2,019,085	2,446,996	2,144,432	2,007,066	2,242,810

PRINCETON CHARTER SCHOOL
REVENUES, EXPENSES AND CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)
(Accrual Basis of Accounting)

	For Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (Expenses)/Revenue										
Governmental Activities	\$ (5,104,640)	\$ (5,254,664)	\$ (5,530,658)	\$ (5,792,692)	\$ (5,674,577)	\$ (5,936,628)	\$ (6,409,558)	\$ (6,747,839)	\$ (6,747,839)	\$ (7,106,273)
Business-Type Activities	1,746	(10,949)	(2,179)	(17,017)	2,488	(7,350)	(10,487)	(35,802)	(25,704)	(5,516)
Total Charter School-Wide Net (Expenses)/Revenue	<u>(5,102,894)</u>	<u>(5,265,613)</u>	<u>(5,532,837)</u>	<u>(5,809,709)</u>	<u>(5,672,089)</u>	<u>(5,943,958)</u>	<u>(6,420,045)</u>	<u>(6,783,641)</u>	<u>(6,823,505)</u>	<u>(7,111,789)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Local Property Taxes - Charter School Aid	4,446,092	4,571,071	4,675,523	4,819,869	4,792,581	4,693,659	5,245,919	6,060,133	6,464,767	6,433,698
Unrestricted Federal and State Aid	803,033	666,216	563,152	457,516	499,827	599,918	776,291	261,638		
Grants and contributions not restricted to Specific Programs										
Miscellaneous Income	28,690	29,746	125,000	50,000	50,000	152,000	170,672	126,343	89,975	94,638
Payroll Protection Loan Forgiveness			45,152	48,977	97,872	41,790				928,000
Mortgage Loan Payable										
Transfers		(30,000)				(10,000)	(9,156)	(31,430)	(11,586)	(5,516)
Total Governmental Activities General Revenues and Other Changes	<u>5,277,815</u>	<u>5,237,033</u>	<u>5,408,827</u>	<u>5,376,362</u>	<u>5,440,280</u>	<u>5,477,367</u>	<u>6,183,726</u>	<u>6,416,684</u>	<u>6,543,156</u>	<u>7,450,820</u>
Business-Type Activities:										
Other Items								(2,383)		
Transfers		30,000				10,000	9,156	31,430	11,586	5,516
Total Business-Type Activities General Revenues and Other Changes		<u>30,000</u>				<u>10,000</u>	<u>9,156</u>	<u>29,047</u>	<u>11,586</u>	<u>5,516</u>
Total Charter School-Wide General Revenues & Other Changes in Net Position	<u>5,277,815</u>	<u>5,267,033</u>	<u>5,408,827</u>	<u>5,376,362</u>	<u>5,440,280</u>	<u>5,487,367</u>	<u>6,192,882</u>	<u>6,445,731</u>	<u>6,554,742</u>	<u>7,456,336</u>
Change in Net Position:										
Governmental Activities	173,175	(17,631)	(121,831)	(416,330)	(234,297)	(459,261)	(225,832)	(331,155)	(254,645)	344,547
Business-Type Activities	1,746	19,051	2,179	(17,017)	2,488	2,670	(1,331)	(6,755)	(14,118)	- 0 -
Total Charter School-Wide Change in Net Position	<u>\$ 174,921</u>	<u>\$ 1,420</u>	<u>\$ (124,010)</u>	<u>\$ (433,347)</u>	<u>\$ (231,809)</u>	<u>\$ (456,591)</u>	<u>\$ (227,163)</u>	<u>\$ (227,163)</u>	<u>\$ (268,763)</u>	<u>\$ 344,547</u>

Source: Princeton Charter School Financial Reports.

PRINCETON CHARTER SCHOOL
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(UNAUDITED)
 (Modified Accrual Basis of Accounting)

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020 *	2021
General Fund:										
Restricted	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 95,101	\$ 94,726
Assigned	219,500									
Unassigned	147,015	396,291	412,216	187,970	359,511	490,761	574,817	617,141	752,426	1,381,159
Total General Fund	\$ 441,515	\$ 471,291	\$ 487,216	\$ 262,970	\$ 434,511	\$ 565,761	\$ 649,817	\$ 692,141	\$ 847,527	\$ 1,475,885
Other Governmental Funds:										
Restricted									\$ 13,112	\$ 14,115
Unassigned/ (Deficit) Capital Projects Fund	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ (349,482)	\$ (543,135)	\$ (543,135)	\$ 1,816,332
Total All Funds	\$ 441,515	\$ 471,291	\$ 487,216	\$ 262,970	\$ 434,511	\$ 565,761	\$ 300,335	\$ 149,006	\$ 317,504	\$ 3,306,332

* Restated

Source: Princeton Charter School Financial Reports.

PRINCETON CHARTER SCHOOL
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
 (UNAUDITED)
 (Modified Accrual Basis of Accounting)

	For the Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Equalization Aid	\$ 4,446,092	\$ 4,571,071	\$ 4,675,523	\$ 4,819,869	\$ 4,792,581	\$ 4,693,659	\$ 5,245,919	\$ 6,060,133	\$ 6,464,767	\$ 6,433,698
Grants and Contributions - Unrestricted			125,000	50,000	50,000	152,000				
Miscellaneous	33,690	29,746	45,152	179,584	142,149	64,093	170,672	126,343	89,975	95,641
State Sources	1,212,445	1,222,265	1,067,241	1,057,961	1,162,554	1,351,511	1,704,484	1,323,489	1,291,241	1,501,416
Federal Sources	51,506	52,436	50,068	53,081	79,837	76,013	148,879	148,879	144,925	1,147,450
Total Revenue	5,743,733	5,875,518	5,962,984	6,160,495	6,227,121	6,337,276	7,269,954	6,869,785	7,990,908	9,178,205
Expenditures:										
Instruction:										
Regular Instruction	2,354,910	2,389,177	2,508,190	2,598,349	2,592,214	2,678,456	3,275,699	3,427,454	3,562,375	3,952,590
Special Education Instruction							55,875	55,875	60,872	65,776
Other Instruction							4,148	4,856	3,004	212
Support Services and Undistributed Costs:										
Student & Instruction Related Services	51,506	182,090	194,568	364,256	244,639	308,755	101,223	204,331	121,933	127,961
General Administration Services	830,304	873,232	902,924	930,903	939,473	919,171	754,028	950,579	921,696	859,037
School Administration Services							205,906	6,313	610	500
Central Services							219,939	91,276	118,257	152,593
Administrative Information Technology	583,396	535,571	591,654	637,584	608,645	596,453	109,322	86,471	97,171	113,614
Plant Operations And Maintenance	12,518	10,157	14,222	12,446	11,958	13,171	8,615	14,870	12,750	496,487
Pupil Transportation	862,787	1,009,969	1,002,047	1,152,227	1,231,986	1,237,114	1,389,170	1,583,322	1,769,431	2,118,126
Employee Benefits	131,359	188,922	109,173	64,479	22,217	*	489,223	699,287	557,235	2,796,965
Capital Outlay										
Debt Service:										
Principal	287,258	298,961	311,141	323,818	183,726	207,969				
Interest and Other Charges	339,570	327,663	313,140	300,679	220,722	234,937				
Total Expenditures	5,453,608	5,815,742	5,947,059	6,384,741	6,055,580	6,196,026	7,176,742	7,778,743	7,839,907	10,683,861
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	290,125	59,776	15,925	(224,246)	171,541	141,250	93,212	(119,899)	151,001	(1,505,656)
Other Financing Sources (Uses):										
Loan Proceeds				720,855						
Debt Issuance Costs				(92,141)						
Loss on Refunding				(616,200)						
Mortgage Note Payments - Interest				(12,514)						
PPP Loan Forgiveness										4,500,000
Transfers Out		(30,000)				(10,000)	(9,156)	(31,430)	(11,586)	(5,516)
Total Other Financing Sources (Uses)		(30,000)				(10,000)	(9,156)	(31,430)	(11,586)	4,494,484
Net Change In Fund Balances	\$ 290,125	\$ 29,776	\$ 15,925	\$ (224,246)	\$ 171,541	\$ 131,250	\$ 84,056	\$ (151,329)	\$ 139,415	\$ 2,988,828
Debt Service as a Percentage of Noncapital Expenditures	11.78%	11.14%	10.69%	9.88%	6.70%	7.15%	6.22%	5.92%	5.77%	5.35%

* - Includes principal and interest on mortgage expenditures which are factored into the debt service as a percentage of noncapital expenditures.

Source: Princeton Charter School Financial Reports.

PRINCETON CHARTER SCHOOL
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)
(Modified Accrual Basis of Accounting)

Fiscal Year Ended June 30,	Local Levy Charter School Aid Local Share	Interest on Investments	Miscellaneous	Grants and Contributions	Total
2012	\$ 4,446,092		\$ 28,690		\$ 4,474,782
2013	4,571,071		24,746		4,595,817
2014	4,675,523		45,152	\$ 125,000	4,845,675
2015	4,819,869		48,977	50,000	4,918,846
2016	4,792,581		97,872	50,000	4,940,453
2017	4,693,659		41,790	152,000	4,887,449
2018	5,245,919	\$ 380	170,292		5,416,591
2019	6,060,133	42	126,301		6,186,476
2020	6,464,767		89,975		6,554,742
2021	6,433,698		94,638		6,528,336

Source: Princeton Charter School Financial Reports.

PRINCETON CHARTER SCHOOL
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Mortgage Loans Payable			
2012		\$ 7,969,065	\$ 7,969,065	0.47%	\$ 283.74
2013		7,670,104	7,670,104	0.46%	260.99
2014		7,358,963	7,358,963	0.42%	247.66
2015		7,756,000	7,756,000	0.41%	261.49
2016		7,571,057	7,571,057	0.39%	251.40
2017		7,363,088	7,363,088	0.35%	237.50
2018		7,148,144	7,148,144	0.33%	227.88
2019		6,925,974	6,925,974	0.32%	221.49
2020		6,696,953	6,696,953	0.30%	214.74
2021		6,459,562	6,459,562	0.29%	209.19

Note: Details regarding the School's outstanding debt can be found in the notes to financial statements.

a - See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

PRINCETON CHARTER SCHOOL
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
(UNAUDITED)

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2012	29,388	\$ 1,707,824,844	\$ 58,113	5.40%
2013	29,714	1,666,717,688	56,092	3.90%
2014	29,661	1,742,554,089	58,749	3.70%
2015	30,115	1,872,309,780	62,172	3.10%
2016	31,002	1,960,473,474	63,237	2.80%
2017	31,368	2,081,047,224	66,343	2.60%
2018	31,270	2,168,386,880	69,344	2.20%
2019	31,187	2,162,631,328	71,790	1.90%
2020	30,879	2,216,803,410	71,790	** 4.00%
2021	30,879 *	2,216,803,410	71,790	** N/A

N/A - Information is not available.

* - Latest population data available (2020) was used for calculation purposes.

** - Latest Mercer County per capita personal income available (2019) was used for calculation purposes.

*** - Latest Mercer County per capita personal income available (2019) was used for calculation purposes.

Sources:

^a Population information provided by the NJ Department of Labor and Workforce Development.

^b Personal income has been estimated based upon the municipal population and per capita personal income presented.

^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

PRINCETON CHARTER SCHOOL
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Instruction:										
Regular	28	28	30	28	30	30	37	37	37	44
Other Instruction	4	5	5	6	2	5	3	4	5	4
Support Services:										
School counselor	1	1	1	1	1	1	1	1	1	1
General Administration and Business Services	3	3	3	4	4	5	5	5	5	3
School Administration Services	3	3	4	5	5	4	3	3	3	4
Plant Operations and Maintenance	1	1	1	1	1	1	1	1	1	1
Total	40	41	44	45	43	46	50	51	52	57

Source: Princeton Charter School Business Office.

PRINCETON CHARTER SCHOOL
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percent Change	Teaching Staff ^c	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change Average Daily Enrollment	Student Attendance Percentage
2012	344	\$ 4,695,421	\$ 13,649	8.54%	32	11:1	344.0	333	0.03%	96.80%
2013	344	5,000,196	14,535	6.49%	33	11:1	344.1	332	0.03%	96.48%
2014	344	5,213,605	15,156	4.27%	35	10:1	344.0	332	-0.03%	96.51%
2015	348	5,695,765	16,367	9.25%	34	11:1	347.2	335	0.93%	96.49%
2016	348	5,628,915	16,175	-1.17%	32	11:1	347.7	336	0.14%	96.64%
2017	348	5,753,120	16,532	2.21%	35	11:1	347.6	332	-0.03%	95.51%
2018	398	6,718,944	16,882	16.79%	40	10:1	399.0	381	14.79%	95.49%
2019	422	7,079,456	16,776	5.37%	41	10:1	421.8	406	5.71%	96.25%
2020	422	7,282,672	17,258	2.87%	41	10:1	422.5	407	0.17%	96.33%
2021	423	7,886,896	18,645	8.30%	40	10:1	418.0	393	-1.07%	94.02%

Note: Enrollment is based on final June enrollment count.

^a Operating expenditures equal total expenditures less capital outlay.

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

Source: Princeton Charter School Business Office.

PRINCETON CHARTER SCHOOL
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>District Building</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Multi-Purpose Campus Center										
Square Feet	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Capacity (Students)	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
K-4 School Building (2003)										
Square Feet	14,800	14,800	14,800	14,800	14,800	14,800	14,800	14,800	14,800	14,800
Capacity (Students)	159	159	159	159	159	159	202	202	202	202
Enrollment	156	156	156	159	159	159	201	199	199	199
5-8 School Building (1963)										
Square Feet	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800
Capacity (Students)	188	188	188	188	188	188	200	200	200	200
Enrollment	188	188	188	188	188	188	197	223	223	223
Business Office Building - Marsee Center (1879)										
Square Feet	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200

Number of Schools at June 30, 2021:

Elementary = 1

Middle School = 1

N/A - Not Applicable

Source: School Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the final June school count.

PRINCETON CHARTER SCHOOL
INSURANCE SCHEDULE
JUNE 30, 2021
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - N.J. Schools Insurance Group:		
Property:		
Blanket Building and Contents	\$ 16,451,854	\$ 1,000
Blanket Extra Expense	50,000,000	1,000
Blanket Valuable Papers and Records	10,000,000	1,000
Business Income	3,000,000	1,000
Loss of Rents	31,000	1,000
Flood - Zones A & V - Pool Aggregate	25,000,000	500,000
Flood - All Other	75,000,000	10,000
EDP:		
Blanket Hardware/Software	250,000	1,000
Blanket Extra Expense	Included	
Equipment Breakdown:		
Property Damage & Extra Expense	16,451,854	25,000
Crime:		
Public Employee Dishonesty	250,000	1,000
Forgery or Alteration	250,000	1,000
Computer Fraud	250,000	1,000
Money Orders & Counterfeit Papers	50,000	500
Loss of Money & Securities	50,000	500
General Liability		
Each Occurrence CSL	31,000,000	
Products/Completed Ops Ann Agg	31,000,000	
Sexual Abuse per OCC	27,000,000	
Sexual Abuse Annual Pool Agg	27,000,000	
Personal Injury & Advertising Injury	31,000,000	
Employee Benefits	31,000,000	1,000
Medical Payments	10,000	
Automobile:		
Comprehensive Automobile Liability	31,000,000	
Errors and Omissions	31,000,000	10,000

PRINCETON CHARTER SCHOOL
INSURANCE SCHEDULE
JUNE 30, 2021
(UNAUDITED)

	Coverage	Deductible
School Package Policy - N.J. Schools Insurance Group:		
Boiler and Machinery	\$ 100,000,000	\$ 1,000
Workers Compensation - N.J. Schools Insurance Group		
Bodily Injury by Accident	2,000,000	Each Acc.
Bodily Injury by Disease	2,000,000	Each Employee
Bodily Injury by Disease	2,000,000	Agg. Limit
Supplemental Workers Compensation -		
N.J. Schools Insurance Group:		
Maximum weekly benefit (52 weeks Maximum Benefit Period)	2,500	
Student Accident Insurance:		
Basic Sports K-8	5,000,000	
Volunteer Coverage	25,000	
Surety Bond:		
Board Secretary/School Business Administrator	180,000	1,000
Group Catastrophe Access Program:		
Limit each occurrence	50,000,000	
Aggregate	150,000,000	

Source: Princeton Charter School Business Office.

PRINCETON CHARTER SCHOOL
FINANCIAL PERFORMANCE - GOVERNMENTAL ACTIVITIES
LAST FIVE FISCAL YEARS
(UNAUDITED)

	2017	2018	2019	2020	2021
Cash	\$ 525,965	\$ 172,331	\$ 50,904	\$ 1,112,395	\$ 255,829
Current Assets	149,415	115,315	131,567	140,414	3,053,442
Noncurrent Assets		3,799		952,242	565,451
Capital Assets, Net	10,632,528	10,541,861	10,253,705	9,761,195	11,413,258
Total Assets	<u>11,307,908</u>	<u>10,833,306</u>	<u>10,436,176</u>	<u>11,966,246</u>	<u>15,287,980</u>
Deferred Outflows	<u>1,412,882</u>	<u>980,546</u>	<u>1,552,666</u>	<u>892,741</u>	<u>668,128</u>
Current Liabilities	109,619	80,242	103,280	977,399	45,033
Long-Term Liabilities	8,984,997	8,107,229	8,429,798	7,699,810	11,587,053
Total Liabilities	<u>9,094,616</u>	<u>8,187,471</u>	<u>8,533,078</u>	<u>8,677,209</u>	<u>11,632,086</u>
Deferred Inflows	<u>51,688</u>	<u>277,727</u>	<u>438,265</u>	<u>1,389,841</u>	<u>1,187,538</u>
Net Position	<u>\$ 3,574,486</u>	<u>\$ 3,348,654</u>	<u>\$ 3,017,499</u>	<u>\$ 2,791,937</u>	<u>\$ 3,136,484</u>
Total Revenue	\$ 7,265,320	\$ 8,339,576	\$ 8,278,712	\$ 8,407,247	\$ 9,689,756
Total Expenses	<u>7,724,581</u>	<u>8,565,408</u>	<u>8,609,867</u>	<u>8,661,892</u>	<u>9,345,209</u>
Change in Net Position	<u>\$ (459,261)</u>	<u>\$ (225,832)</u>	<u>\$ (331,155)</u>	<u>\$ (254,645)</u>	<u>\$ 344,547</u>
Depreciation Expense	\$ 522,719	\$ 519,155	\$ 501,253	\$ 492,510	\$ 488,470
Principal Payments	\$ 207,969	\$ 214,944	\$ 222,170	\$ 229,021	\$ 237,391
Interest Payments	\$ 234,937	\$ 230,910	\$ 226,743	\$ 217,255	\$ 293,865
Final Average Daily Enrollment	347.6	399.0	421.8	422.5	407.0
March 30th Budgeted Enrollment	348	402	412	424	424
Near Term Indicators:					
Current Ratio	1.36	1.44	1.27	0.14	67.80
Unrestricted Days Cash	30.98	5.81	1.78	33.93	6.11
Enrollment Variance	99.89%	99.25%	102.38%	99.65%	95.99%
Default	Yes	No	No	No	No
Sustainability Indicators:					
Cash Flow	\$ 177,075	\$ (353,634)	\$ (121,427)	\$ 1,061,491	\$ (856,566)
Debt Service Coverage Ratio	N/A	N/A	N/A	N/A	N/A

N/A - Not Applicable

Source: Princeton Charter School Business Office.

SINGLE AUDIT SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Princeton Charter School, in the County of Mercer (the "Charter School") 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 January 21, 2022.

Internal Control Over Financial Reporting

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

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

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

The Honorable President and Members
of the Board of Trustees
Princeton Charter School
Page 2

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

January 21, 2022
Mount Arlington, New Jersey

Nisivoccia, LLP
NISIVOCCIA LLP

Kathryn L. Mantell

Kathryn L. Mantell
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Independent Member
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Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Princeton Charter School's (the "Charter School's") compliance with the types of compliance requirements described and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on the Charter School's major state program for the fiscal year ended June 30, 2021. The Charter School's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Charter School's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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 the major state program. However, our audit does not provide a legal determination of the Charter School's compliance.

The Honorable President and Members
of the Board of Trustees
Princeton Charter School
Page 2

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

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

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

January 21, 2022
Mount Arlington, New Jersey

Nisivoccia, LLP
NISIVOCCIA LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

PRINCETON CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE PERIOD ENDED JUNE 30, 2021

Federal Grantor/Pass Through Grantor/Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2020		Balance June 30, 2021	
					Budgetary Accounts Receivable	Cash Received	Budgetary Accounts Receivable	Amount Paid to Subrecipients
Special Revenue Fund:								
US Department of Education Passed-through State of New Jersey Department of Education								
Special Education Cluster:								
IDEA- B, Basic	84.027	IDEA-7540-21	7/1/20-9/30/21	\$ 64,493	\$ 64,493	\$ (64,493)		
IDEA- B, Preschool	84.173	IDEA-7540-21	7/1/20-9/30/21	1,283	1,283	(1,283)		
Total Special Education Cluster					65,776	(65,776)		
Elementary and Secondary Education Act:								
Title I - Part A								
Total Elementary and Secondary Education Act:	84.010A	ESEA-7540-21	7/1/20-9/30/21	42,659	42,659	(42,659)		
Education Stabilization Fund:								
COVID 19 - CARES Emergency Relief	84.425D	CARES754020	3/13/20-9/30/22	19,951	19,951	(19,951)		
COVID 19 - CRRSA - ESSER II	84.425D	S425D210027	3/13/20-9/30/23	77,673	77,673	(77,673)		
Education Stabilization Fund Total					97,624	(97,624)		
Total U.S. Department of Education					206,059	(206,059)		
U.S. Department of Treasury -								
Passed-through State Department of Education:								
COVID 19 - Coronavirus Relief Fund	21.019	N/A	3/1/20-12/30/22	13,391	13,391	(13,391)		
Total Special Revenue Fund					219,450	(219,450)		
Enterprise Fund:								
U.S. Department of Agriculture								
Passed-through State Department of Agriculture:								
Child Nutrition Cluster:								
COVID-19 Seamless Summer Option Lunch	10.555	N/A	7/1/20-6/30/21	6,090	4,819	(6,089)	\$ (1,270)	
National School Lunch Program	10.555	N/A	7/1/19-6/30/20	12,320	2,113		\$ (2,113)	
COVID-19 Seamless Summer Option Lunch	10.555	N/A	3/18/20-6/30/20	4,465	2,948		(2,948)	
COVID-19 Seamless Summer Option Breakfast	10.553	N/A	3/18/20-6/30/20	1,122	1,122		(1,122)	
Total Enterprise Fund					11,002	(6,089)	(1,270)	
Total Federal Awards					\$ 230,452	\$ (225,539)	\$ (1,270)	\$ - 0 -
N/A - Not Available/Applicable								

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

PRINCETON CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE PERIOD ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	June 30, 2020		June 30, 2021		MEMO
				Cash Received	Budgetary (Accounts Receivable)	GAAP Receivable	Budgetary Receivable	
State Department of Education:								
General Fund:								
Security Aid	21-495-034-5120-084	7/01/20-6/30/21	\$ 38,192	\$ 38,192	\$ (38,192)			\$ 38,192
Special Education Aid	21-495-034-5120-089	7/01/20-6/30/21	120,011	120,011	(120,011)			120,011
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/01/20-6/30/21	240,754	240,754	(240,754)			240,754
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/01/19-6/30/20	227,339	\$ (22,744)	22,744			227,339
On-Behalf TPAF Pension Contributions	21-495-034-5094-002	7/01/20-6/30/21	823,133		(823,133)			823,133
On-Behalf TPAF Post Retirement Contributions	21-495-034-5094-001	7/01/20-6/30/21	262,865		(262,865)			262,865
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004	7/01/20-6/30/21	800	800	(800)			800
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	7/01/20-6/30/21	15,661	15,661	(15,661)			15,661
Total General Fund			1,524,160	(22,744)	(1,501,416)			1,728,755
Enterprise Fund:								
COVID-19 State Seamless Summer Option	19-100-010-3350-023	7/01/20-6/30/21	258	235	(258)			258
State School Lunch Program	20-100-010-3350-023	7/01/19-6/30/20	708	(37)				708
State School Lunch Program - Supplemental	20-100-010-3350-023	7/01/19-6/30/20	249		(249)			249
COVID-19 State Seamless Summer Option	20-100-010-3350-023	3/18/20-6/30/20	71	(46)				71
Total Enterprise Fund			567	(507)	(23)			1,286
Total State Awards Subject to Single Audit Determination			\$ (22,744)	\$1,524,727	(1,501,923)	\$ (23)	\$ (23)	\$ 1,730,041
Less: State Awards Not Subject to Single Audit Major Program Determination								
On-Behalf TPAF Pension System Contributions:								
On-Behalf TPAF Pension Contributions	21-495-034-5094-002	7/01/20-6/30/21	(823,133)		823,133			
On-Behalf TPAF Post Retirement Contributions	21-495-034-5094-001	7/01/20-6/30/21	(262,865)		262,865			
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004	7/01/20-6/30/21	(800)		800			
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	7/01/20-6/30/21	(15,661)		15,661			
Subtotal - On-Behalf TPAF Pension System Contributions			1,102,459					
								\$ (399,464)

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

PRINCETON CHARTER SCHOOL
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal and State Awards include federal and state grant activity of the Board of Trustees, Princeton Charter School under programs of the federal and state governments for the fiscal year ended June 30, 2021. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Charter School, they are not intended to and do not present the financial position, changes in net position or cash flows of the Charter School.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

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

PRINCETON CHARTER SCHOOL
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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

	Federal	State	Total
General Fund		\$ 1,501,416	\$ 1,501,416
Special Revenue Fund	\$ 219,450		219,450
Enterprise Fund	6,089	507	6,596
	\$ 225,539	\$ 1,501,923	\$ 1,727,462

NOTE 5. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2021.

PRINCETON CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the Charter School.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the Charter School which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major state program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state program for the Charter School expresses an unmodified opinion on its major state program.
- The Charter School was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2021 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The Charter School's major state program for the current period consisted of the following State award:

<u>Program Title</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
State Programs:				
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/20-6/30/21	\$ 240,754	\$ 240,754

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

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

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

PRINCETON CHARTER SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Status of Prior Year Findings:

There were no prior year audit findings.