

THE VILLAGE CHARTER SCHOOL

***ANNUAL COMPREHENSIVE
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2021

THE VILLAGE CHARTER SCHOOL

***The Village Charter School
Board of Trustees
Trenton, New Jersey***

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

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

Prepared By

***The Village Charter School
Finance Department***

And

Barre & Company, LLC CPA's

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Angelica Allen-McMillan, Ed.D, **Acting Commissioner**
Secretary, State Board of Education

**THE VILLAGE CHARTER SCHOOL
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION	1
Transmittal Letter	2
Organizational Chart	8
Roster of Officials.....	9
Consultants and Advisors.....	10
FINANCIAL SECTION.....	11
Independent Auditor’s Report.....	12
REQUIRED SUPPLEMENTARY INFORMATION – PART I.....	16
Management’s Discussion and Analysis	17
BASIC FINANCIAL STATEMENTS.....	23
SECTION A – CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS.....	24
A-1 Statement of Net Position	25
A-2 Statement of Activities	26
SECTION B – FUND FINANCIAL STATEMENTS.....	27
GOVERNMENTAL FUNDS	28
B-1 Balance Sheet	29
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	30
B-3 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
PROPRIETARY FUNDS.....	32
B-4 Statement of Net Position	33
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	34
B-6 Statement of Cash Flows.....	35
FIDUCIARY FUNDS	N/A
B-7 Statement of Fiduciary Net Position.....	N/A
B-8 Statement of Changes in Fiduciary Net Position	N/A
NOTES TO THE FINANCIAL STATEMENTS.....	36
REQUIRED SUPPLEMENTARY INFORMATION – PART II.....	73

**THE VILLAGE CHARTER SCHOOL
TABLE OF CONTENTS**

Page

FINANCIAL SECTION (CONTINUED)

SECTION C – BUDGETARY COMPARISON SCHEDULE	74
C-1 Budgetary Comparison Schedule – General Fund.....	75
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (if applicable)	N/A
C-1b Community Development Block Grant - Budget and Actual (if applicable)	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund.....	77
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	 78
C-3 Budget-to-GAAP Reconciliation.....	79
 REQUIRED SUPPLEMENTARY INFORMATION – PART III	 80
 SCHEDULE L - SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68).....	 81
L-1 Schedules of the Charter School's Proportionate Share of the Net Pension Liability - PERS	82
L-2 Schedules of Charter School Contributions - PERS.....	83
L-3 Schedules of the Charter School's Proportionate Share of the Net Pension Liability - TPAF	84
 SCHEDULE M - SCHEDULES RELATED TO OTHER THAN PENSIONS	 85
M-1 Schedule of Changes in the Total OPEB Liability and Related Ratios	86
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION III.....	 87
 OTHER SUPPLEMENTARY INFORMATION.....	 90
 SECTION D – SCHOOL BASED BUDGET SCHEDULES	 N/A
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual..	N/A
 SECTION E – SPECIAL REVENUE FUND	 91
E-1 Combining Schedule of Revenues and Expenditures – Budgetary Basis.....	92
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A

**THE VILLAGE CHARTER SCHOOL
TABLE OF CONTENTS**

Page

FINANCIAL SECTION (CONTINUED)

SECTION F – CAPITAL PROJECTS FUND.....	N/A
F-1 Summary Schedule of Project Expenditures.....	N/A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	N/A
F-2(x) Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis	N/A
SECTION G – PROPRIETARY FUNDS.....	93
ENTERPRISE FUND	96
G-1 Combining Schedule Net Position	N/A
G-2 Combining Schedule of Revenues, Expensesm and Changes in Fund Net Position.	N/A
G-3 Combining Schedule of Cash Flow.....	N/A
INTERNAL SERVICE FUND	96
G-4 Combining Schedule Net Position	N/A
G-5 Combining Schedule of Revenues, Expensesm and Changes in Fund Net Position.	N/A
G-6 Combining Schedule of Cash Flow.....	N/A
SECTION H – FIDUCIARY FUNDS.....	N/A
H-1 Combining Statement of Fiduciary Net Position.....	N/A
H-2 Combining Statement of Changes in Fiduciary Net Position	N/A
SECTION I – LONG-TERM DEBT SCHEDULES	94
I-1 Schedule of Serial Bonds	95
I-2 Schedule of Serial Bonds of Obligations under Capital Leases.....	N/A
I-3 Schedule of Serial Bonds Service Fund Budgetary Comparison Schedule.....	N/A
STATISTICAL SECTION (UNAUDITED).....	96
INTRODUCTION TO THE STATISTICAL SECTION.....	97
FINANCIAL TRENDS.....	98
J-1 Net Assets/Position by Component	99
J-2 Changes in Net Assets/Position.....	100
J-3 Fund Balances – Governmental Funds.....	101
J-4 Changes in Fund Balances – Governmental Funds.....	102
J-5 General Fund Other Local Revenue by Source	103

**THE VILLAGE CHARTER SCHOOL
TABLE OF CONTENTS**

	Page
REVENUE CAPACITY	N/A
J-6 Assessed Value and Estimated Actual Value of Taxable Property.....	N/A
J-7 Direct and Overlapping Property Tax Rates.....	N/A
J-8 Principal Property Taxpayers*	N/A
J-9 Property Tax Levies and Collections.....	N/A
DEBT CAPACITY	N/A
J-10 Ratios of Outstanding Debt by Type	N/A
J-11 Ratios of General Bonded Debt Outstanding	N/A
J-12 Direct and Overlapping Governmental Activities Debt	N/A
J-13 Legal Debt Margin Information.....	N/A
DEMOGRAPHIC AND ECONOMIC INFORMATION.....	N/A
J-14 Demographic and Economic Statistics.....	N/A
Error! Reference source not found.	N/A
OPERATING INFORMATION.....	104
J-16 Full-Time Equivalent Charter School Employees by Function/Program	105
J-17 Operating Statistics	106
J-18 School Building Information	107
J-20 Insurance Schedule.....	108
J-21 Charter School Performance Framework, Financial Performance, Fiscal Ratios	109
 ** Private citizens should be listed as Individuals Taxpayer 1, Individual Taxpayer 2, ect.	
SINGLE AUDIT SECTION.....	110
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 Government Auditing Standards.....	111
K-2 Report on Compliance for Each Major Federal and State Program and Report on Internal Control Over Compliance in Accordance with Uniform Guidance and New Jersey Circular 15-08-OMB	114
K-3 Schedule of Expenditures of Federal Awards – Schedule A	117
K-4 Schedule of Expenditures of State Financial Assistance – Schedule B.....	118
K-5 Notes to the Schedules of Expenditures of Awards and Financial Assistance	119
K-6 Schedule of Findings and Questioned Costs	122
<ul style="list-style-type: none"> • Section I - Summary of Auditor's Results • Section II - Financial Statement Findings • Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs 	

**THE VILLAGE CHARTER SCHOOL
TABLE OF CONTENTS**

Page

K-7	Summary Schedule of Prior Audit Findings and Questioned Costs as prepared by management	125
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INTRODUCTORY SECTION

February 25, 2022]

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

Dear Board Members:

The annual comprehensive financial report of the The Village Charter School (Charter School) for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

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

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

1. REPORTING ENTITY AND ITS SERVICES: The Village Charter School is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14, as amended. All funds of the School are included in this report. The Charter School chartered by the New Jersey Department of Education in January 1998 and began a planning year in September 1998. The School opened its doors in September 1999 with 153 kindergarten to second grade students and now has the capacity to enroll 360 students in grades kindergarten through eighth grade. On January 12, 2018, the Commissioner of Education and New Jersey Department of Education renewed the School's Charter for a five-year term through June 30, 2023. The School offers a data-driven integrated curriculum that has designed to help students see connections across the disciplines and relate what they learn to their lives. This state of the art school facility, a true community resource, and a child-centered mission that unites parents, teachers and the school community to ensure that each student reaches his or her fullest potential. The School completed 2020-2021 fiscal year, with an average daily enrollment of 360 students.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2021	359.6	-0.11%
2020	360.0	0.00%
2019	360.0	1.04%
2018	356.3	-0.11%
2017	356.7	-0.53%
2016	358.6	-3.86%
2015	373	3.81%
2014	359.3	1.01%
2013	355.7	-0.61%
2012	357.9	0.06%

2. ECONOMIC CONDITION AND OUTLOOK: The School enrolled 358 students in kindergarten through eighth grade for the 2020-2021 School Year. The school continues to be one of the most popular in the area. Waiting lists have been the norm for each grade since the school founded in 1999. School enrollment has remained consistent over the last year. It anticipated that, with the demand for quality K-8 public education in Trenton, we will be able to maintain our enrollment for the foreseeable future. We will continue to monitor any new legislation from Trenton as it relates to changes in Charter School Funding, particularly in the area of facility cost aid.

3. MAJOR INITIATIVES: For twenty-one years The Village Charter School has continued to maximize the unique talents and address the specific learning needs of our scholars. We believe that through positive relationships, consistent inspiration, as well as, focused tiered instruction we are doing the awesome job of building the whole child. We at the Village, not only endeavor to build great students, but also great humans. Despite the challenges we've encountered due to the COVID-19 crisis, we continue with the following practices and initiatives for the 2021-2022 school year:

1. Data:

I READY: Use of the I READY assessment and remediation program. This program, which has successfully implemented in schools across the nation, allows us to administer continuous assessments of the learning needs of our students. Students will complete benchmark assessments three times a year in addition to school created unit tests. The program correlated with the New Jersey State Learning Assessment (NJSLA). It, therefore, enables us to focus our teaching and basic skills remediation.

- a. Student Data Folders: In addition, the teachers here at the The Village Charter School have tasked to keep data folders and have relevant data talks with their students where they discuss assessments, standards, and student progress. Students will ultimately set short and long-term goals for themselves and track their own data.
- b. Basic Skills: The Village Charter School identifies students who are in need of remediation in Math or English Language Arts. We develop progress and proficiency plans in the beginning of the school year with specific benchmarks. Interventions used to ensure student proficiency plans in the beginning of the school year with specific benchmarks. Interventions used to ensure student proficiency. The Basic Skills Team remote learning model as well as our eventual transition to hybrid learning allows us to offer interventions to those students with academic challenges in reading and math.

2. Professional Learning Communities (PLC) continue as full day of professional development which is scheduled each week remotely:

All staff K-8th grade are tasked to read and implement the strategies as outlined in the following books: Teach Like a Champion 2.0 and Teach Like a Champion Field Guide;

ELA Teachers “The Reading Strategies Book: Your Everything Guide to Developing Skilled Readers”;

Math Teachers “Mathematical Mindsets: Unleashing Students Potential through Creative, Math Inspiring Messages and Innovative Teaching”;

Special Education Teachers “Lost at School: Why Our Kids with Behavioral Challenges are Failing Through the Cracks and How We Can Help Them”.

3. We have also created a VCS Scholars Program to provide supplemental educational cultural and social opportunities and social opportunities for our most successful students.

- a. National Elementary Honor Society is open to students in grades fourth to fifth who have demonstrated leadership qualities and academic excellence. NEHS serves to honor those students who have demonstrated excellence in the areas of scholarship, service, leadership, character, and citizenship. These characteristics have been associated with membership in the organization since its beginning in 2008.

- b. National Junior Honor Society in open to students in grades five to eight who have demonstrated leadership qualities and academic excellence. NJHS serves to honor those students who have demonstrated excellence in the areas of scholarship, service, leadership, character, and citizenship. These characteristics have been associated with membership in the organization since its beginning in 1929.
 - c. Our National Junior Honor Society Program takes place with remote meetings between the teacher facilitators and NJHS students.
- 4. Due to the COVID-19 crisis, our Outreach Programs typically scheduled have put on hold until our return to school. They are include the following:
 - a. *Junior Achievement Program Day* will focus on maximizing student academic proficiency and exposing them to career and life opportunities. Junior Achievement is the world's largest organization dedicated to educating students in grades K-12 about entrepreneurship, work readiness a financial literacy through experiential, hands-on programs.
 - b. *Project LEAD* is an effective law-related education program established by the Los Angeles District Attorney's Office in 1993. The 20-week curriculum teaches fifth grade students about the criminal justice system and the importance of making good decisions. Volunteers from within the United States Attorney's Office District of New Jersey and partner agencies are instructors for the program and serve as role models in the classroom.
- 5. Princeton Blairstown Center in Princeton, NJ for seventh year. For over 100 years, the Princeton-Blairstown Center has provided adventure-based, experiential education to vulnerable youth. What began in 1908 as a summer camp run by Princeton University students and faculty has evolved into a wide variety of year-round programs serving over 6,000 young people from Mid-Atlantic States.
- 6. Technology:
 - a. Our one to one Chromebook initiative has allowed us to continue a quality, robust online learning platform for our students during this national health emergency. Tablets have distributed to staff to continue our school wide DOJO parent communication initiative.

We are pleased to report that we are continuing these initiatives and implementing changes that will increase our student's academic and standardized testing success this unprecedented time.

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

As a recipient of federal and state financial assistance, the Charter School is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the Charter School's management. Since grant periods differ in their prescribed fiscal years, representations was made prior to the end of the fiscal year for those grants having fiscal years other than July 1 through June 30.

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

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets were adopted for the general fund and the special revenue fund. The final budget amount, as amended for the fiscal year, are reflected in the financial section.

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

6. ACCOUNTING SYSTEM AND REPORTS: The Charter School accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The Accounting System of the charter school is organized on the basis of funds and account groups. These funds are explained in "Notes to the Financial Statement", Note 1.

7. CASH MANAGEMENT: The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Basic Financial Statement" Note 3. The Charter School had adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.


8. RISK MANAGEMENT: The Charter School carries various forms of insurance, including but not limited to general liability, automobile liability, and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

9. **OTHER INFORMATION:**

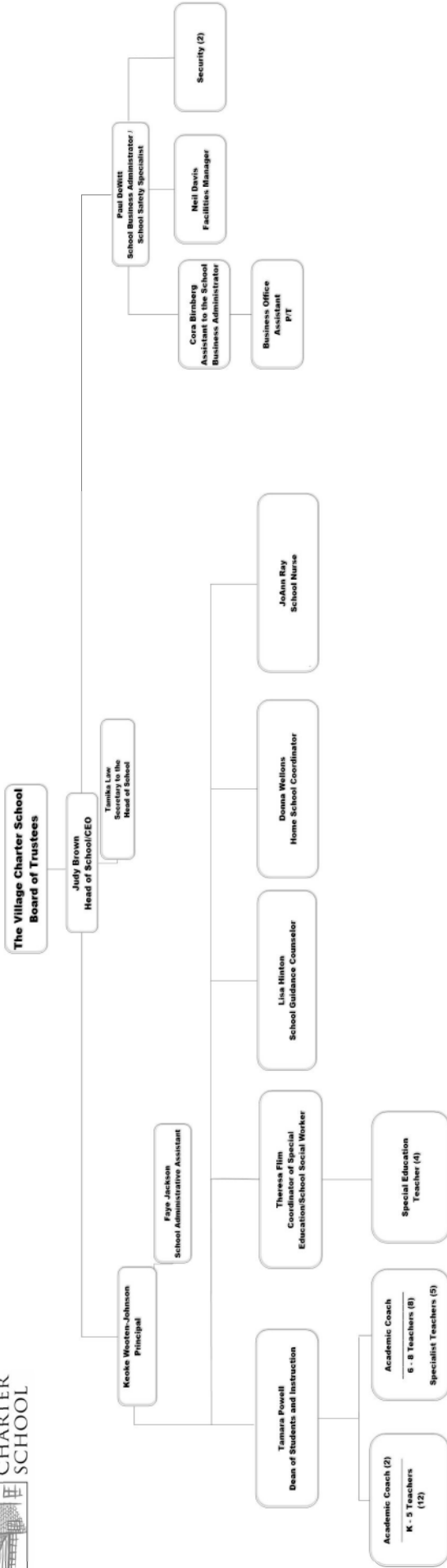
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, LLC Certified Public Accountants, was selected by the Board of Trustees. In addition to meeting the requirements set forth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

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

Respectfully submitted,


Judith Brown
Head of School


Paul DeWitt
School Business Administrator



"Where Learners Become Leaders"

**THE VILLAGE CHARTER SCHOOL
TRENTON, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2021**

<u>MEMBERS OF THE BOARD OF TRUSTEES</u>	EXPIRATION OF TERM
Anthony DePetris	2022
Sheila Garvin-Glover	2022
Gennifer George	2022
Stephen L. Kitts, Chair of the Board	2023
John Middlebrook	2023
M. Elaine Murphy, Secretary	2023
Cynthia Pinelli	2023
Carmen Roman	2022

OTHER OFFICIALS

Judith Brown, Head of School

Keoke Wooten-Johnson, Principal

Paul DeWitt, School Business Administrator / Board Secretary

**THE VILLAGE CHARTER SCHOOL
TRENTON, NEW JERSEY**

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Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

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

Emphasis of Matter

Adoption of New Accounting Principle

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

Consistency of Financial Statements

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

Prior Period Restatement

In addition, because of the implementation of GASB Statement No. 84, net position and fund balance as of July 1, 2020 on the statement of activities and statement of revenues, expenditures, and changes in fund balances, have been restated, as discussed in note 1 to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, following this report, and pension and post-employment benefit schedules in Exhibits L-1 through L-3, M-1 and the related notes be presented to supplement the basic financial statements and budgetary comparison information in Exhibits C-1 through C-3 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 response to our inquiries, the basic financial

Required Supplementary Information (Continued)

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

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


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

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

In accordance with *Government Auditing Standards* and the Office of School Finance, Department of Education, State of New Jersey, we have also issued our report dated February 25, 2022 on our consideration of the Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls 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.


BARRE & COMPANY, LLC
Certified Public Accountants
Public School Accountants


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

Union, New Jersey
February 25, 2022

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**THE VILLAGE CHARTER SCHOOL
TRENTON, NEW JERSEY**

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

The discussion and analysis of The Village Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- ❖ General revenues accounted for \$6,264,204 or 99% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$76,417 or 1% of total revenues of \$6,372,493.
- ❖ The Charter School had \$5,683,011 in expenses; only \$76,417 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$6,264,204 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$5,965,743 in revenues and \$5,602,776 in expenditures. The General Fund's fund balance increased \$362,967 over 2020. This increase was anticipated by the Board of Trustees.

Using this Annual Comprehensive Financial Report (ACFR)

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

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

**THE VILLAGE CHARTER SCHOOL
TRENTON, NEW JERSEY**

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

Reporting the Charter School as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

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

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

Most of the school's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily 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

**THE VILLAGE CHARTER SCHOOL
TRENTON, NEW JERSEY**

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

Governmental Funds (Continued)

that can be spend in the near future to finance the school's programs. Because this information does not encompass the additional long-term focus of the school-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

Proprietary Funds

Services for which the school charges a fee generally reported in proprietary funds. Proprietary funds reported in the same way as the school-wide statements. The 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. The school does not use internal service funds (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the financial statements can be found starting on page 36 of this report.

The Charter School as a Whole

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

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

The Charter School's combined Net Position were \$3,328,157 for 2021 and \$2,600,014 for 2020.

**THE VILLAGE CHARTER SCHOOL
TRENTON, NEW JERSEY**

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

Governmental Activities

The Charter School's total revenues were \$6,340,621 for 2021 and \$6,254,664 for 2020, this includes \$1,069,062 for 2021 and \$849,737 for 2020 of state reimbursed TPAF social security contributions.

The total cost of all program and services were \$6,009,539 for 2021 and \$6,206,443 for 2020. Instruction comprises 43% for 2021 and 45% for 2020 of Charter School expenses.

Business-Type Activities

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

- ❖ Food service revenue exceeded expenses by \$21,568 for 2021 and expenses exceeded revenue by \$7,494 for 2020.
- ❖ Charges for services represent \$107 for 2021 and \$24,993 for 2020 of revenue. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfast were \$141,198 for 2021 and \$166,592 for 2020.

Governmental Activities

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

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

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

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

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

**THE VILLAGE CHARTER SCHOOL
TRENTON, NEW JERSEY**

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

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$6,372,493 for 2021 and \$6,254,664 for 2020 and expenditures were \$6,009,539 for 2021 and \$6,206,443 for 2020. The net change in fund balance was most significant in the general fund, a decrease of \$362,967 in 2021 and an increase of \$48,221 in 2020.

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

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2020	Percent of Increase/ (Decrease)
Local Sources	\$ 486,140	7.63%	\$ (42,307)	-8.01%
State Sources	5,466,866	85.79%	253,319	4.86%
Federal Sources	419,487	6.58%	(93,183)	-18.18%
Total	\$ 6,372,493	100.00%	\$ 117,829	

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

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2020	Percent of Increase/ (Decrease)
Instruction	\$ 2,454,536	40.84%	\$ (131,937)	-5.10%
Administration	2,347,771	39.07%	438,490	22.97%
Support Services	1,094,246	18.21%	(436,095)	-28.50%
Capital Outlay	112,986	1.88%	(67,362)	-37.35%
Total	\$ 6,009,539	100.00%	\$ (196,904)	

**THE VILLAGE CHARTER SCHOOL
TRENTON, NEW JERSEY**

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

General Fund Budgeting Highlights

Over the course of the year, the Charter School revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. Budget changes/transfers are approved by the Board throughout the year. Although the school's projected budget for the general fund anticipated that revenues and expenditures would be roughly equal, the actual results for the year show a surplus.

Capital Assets (Net of Depreciation) and Debt Administration

The Charter School had \$5,755,845 for 2021 and \$5,881,218 for 2020 invested in a newly purchased building, building improvements, and equipment. The school paid off its note payable in fiscal year 2021.

Debt

At June 30, 2021, the school reported Long-Term debt in the total amount of \$3,274,188, with maturities thru the 2028-29.

The debt (mortgage obligations) was incurred for the acquisition of school facilities in CY 2013.

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Office, The Village Charter School, 101 Sullivan Way, Trenton, New Jersey 08628.

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

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

THE VILLAGE CHARTER SCHOOL
 Statement of Net Position
 June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents:			
Cash and Cash Equivalents	\$ 2,602,426	\$ 85,731	\$ 2,688,157
Other Receivables	133,731	13,746	147,477
Inventories		8,127	8,127
Other Assets	469		469
Capital Assets, Net	5,755,845		5,755,845
Total Assets	8,492,471	107,604	8,600,075
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions	311,337		311,337
Total Deferred Outflows of Resources	311,337	-	311,337
LIABILITIES:			
Accounts Payable	3,438	20,832	24,270
Accrued Expenses (Interest)	106,101		106,101
Unearned Revenue	8,198	2,636	10,834
Other Current Liabilities	251,767		251,767
Noncurrent Liabilities:			
Due Within One Year	404,738		404,738
Due Beyond One Year:			
Other Long Term Liabilities	2,869,450		2,869,450
Net Pension Liability	990,876		990,876
Total Liabilities	4,634,568	23,468	4,658,036
DEFERRED INFLOWS OF RESOURCES:			
Pensions	925,219		925,219
Total Deferred Inflows of Resources	925,219	-	925,219
NET POSITION:			
Net Investment in Capital Assets (Deficit)	(3,686,816)		(3,686,816)
Restricted for:			
Unemployment Compensation	12,176		12,176
Other Purposes	700,976		700,976
Unrestricted	6,217,685	84,136	6,301,821
Total Net Position	\$ 3,244,021	\$ 84,136	\$ 3,328,157

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

THE VILLAGE CHARTER SCHOOL
 Statement of Activities
 For The Fiscal Year Ended June 30, 2021

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction	2,288,394	\$ 268,850	\$ -	\$ 108,302	\$ -	\$ (2,448,942)	\$ -	\$ (2,448,942)
Administration	1,345,171	65,079		(31,885)		(1,442,135)		(1,442,135)
Support Services	1,522,938	86,478				(1,609,416)		(1,609,416)
Interest on Long Term Debt	106,101					(106,101)		(106,101)
Total Governmental Activities	5,262,604	\$ 420,407	\$ -	76,417	\$ -	(5,606,594)	\$ -	(5,606,594)
BUSINESS-TYPE ACTIVITIES:								
Food Service	119,854		107	141,198			21,451	21,451
Total Business-Type Activities	119,854		107	141,198			21,451	21,451
Total Primary Government	\$ 5,382,458		\$ 107	\$ 217,615	\$ -	\$ (5,606,594)	\$ 21,451	\$ (5,585,143)

GENERAL REVENUES	
General Purposes	\$ 466,650
Federal and State Aid Not Restricted	5,778,051
Investment Earnings	3,787
Miscellaneous Income	15,716
Total General Revenues	6,264,204
Change in Net Position	657,610
Net Position - Beginning of Year	2,537,446
Prior Period Adjustment	48,965
Net Position - Beginning of Year (Restated)	2,586,411
Net Position - Ending	\$ 3,244,021

General Purposes	\$ 466,650	\$ -	\$ 466,650
Federal and State Aid Not Restricted	5,778,051		5,778,051
Investment Earnings	3,787		3,787
Miscellaneous Income	15,716	117	15,833
Total General Revenues	6,264,204	117	6,264,321
Change in Net Position	657,610	21,568	679,178
Net Position - Beginning of Year	2,537,446	62,568	2,600,014
Prior Period Adjustment	48,965	-	48,965
Net Position - Beginning of Year (Restated)	2,586,411	-	2,586,411
Net Position - Ending	\$ 3,244,021	\$ 84,136	\$ 3,328,157

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

SECTION B – FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

THE VILLAGE CHARTER SCHOOL
Governmental Funds
Balance Sheet
June 30, 2021

	General Fund	Special Revenue Fund	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 2,258,230	\$ 90,457	\$ 2,348,687
Restricted	253,739		253,739
Receivables:			
Interfund Receivables	153,526		153,526
Receivables From Other Governments	28,474	73,533	102,007
Other Receivables	31,724		31,724
Prepaid Expenses	469		469
Total Current Assets	<u>2,726,162</u>	<u>163,990</u>	<u>2,890,152</u>
Total Assets	<u>\$ 2,726,162</u>	<u>\$ 163,990</u>	<u>\$ 2,890,152</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Current Liabilities:			
Interfund Payables	\$ -	\$ 153,526	\$ 153,526
Accounts Payable	1,389	2,049	3,438
Unearned Revenue		8,198	8,198
Other Current Liabilities	<u>251,767</u>		<u>251,767</u>
Total Current Liabilities	<u>253,156</u>	<u>163,773</u>	<u>416,929</u>
Total Liabilities	<u>253,156</u>	<u>163,773</u>	<u>416,929</u>
Fund Balances:			
Restricted For:			
Charter School Escrow Reserve	700,759		700,759
Unemployment Compensation	12,176		12,176
Student Activities		217	217
Assigned For:			
Designated for Health Benefit Reserve	500,000		500,000
Unassigned:			
General Fund	<u>1,260,071</u>		<u>1,260,071</u>
Total Fund Balances	<u>2,473,006</u>	<u>217</u>	<u>2,473,223</u>
Total Liabilities and Fund Balances	<u>\$ 2,726,162</u>	<u>\$ 163,990</u>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$8,050,937 and the accumulated depreciation is \$2,295,092.			
			5,755,845
Long Term liabilities, including loans payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.			
			(3,274,188)
Short-term liabilities, including accrued interest on long-term debt, are not due and payable in the current period and therefore are not reported as liabilities in the funds			
			(106,101)
Net pension liability of \$990,876, deferred inflows of resources of \$925,219 less deferred outflows of resources of \$311,337 related to pensions are not reported in the governmental funds			
			(1,604,758)
Net Position of Governmental Activities			<u>\$ 3,244,021</u>

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

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

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 466,650	\$ -	\$ 466,650
Interest on Investments	3,787		3,787
Miscellaneous	15,716		15,716
Total Local Sources	486,153	-	486,153
State Sources	5,466,866		5,466,866
Federal Sources	12,724	406,763	419,487
Total Revenues	5,965,743	406,763	6,372,506
EXPENDITURES:			
Current:			
Instruction	2,090,206	364,330	2,454,536
Administration	2,347,771		2,347,771
Support Services	1,051,813	42,433	1,094,246
Capital Outlay	112,986		112,986
Total Expenditures	5,602,776	406,763	6,009,539
NET CHANGE IN FUND BALANCES	362,967	-	362,967
FUND BALANCES, JULY 1	2,061,074	-	2,061,074
PRIOR PERIOD ADJUSTMENT	48,965	217	49,182
FUND BALANCE, JULY 1, RESTATED	2,110,039	217	2,110,256
FUND BALANCES, JUNE 30	\$ 2,473,006	\$ 217	\$ 2,473,223

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

THE VILLAGE CHARTER SCHOOL
 Reconciliation of the Statement of Revenues, Expenditures
 And Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Fiscal Year Ended June 30, 2021

Total net change in fund balances - governmental fund (from B-2)	\$	362,967
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>		
Depreciation Expense	\$ (238,359)	
Capital Outlay	<u>112,986</u>	(125,373)
<p>Repayment of mortgage principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		412,628
<p>In the statement of activities, interest on mortgage debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest net is an addition in the reconciliation.</p>		
		(106,101)
<p>Pension costs associated with the PERS pension plan are reported in the governmental funds as expenditures in the year the school pension contribution is paid. However, on the statement of activities, the net difference between the current and prior year net pension liability is recognized.</p>		
		<u>113,489</u>
Change in net position of governmental activities	\$	<u><u>657,610</u></u>

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

PROPRIETARY FUNDS

THE VILLAGE CHARTER SCHOOL
 Proprietary Fund
 Statement of Net Position
 June 30, 2021

	Business-Type Activities
	Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents:	
Cash and Cash Equivalents	\$ 85,731
Other Receivables	13,746
Inventories	8,127
Total Current Assets	107,604
Total Assets	\$ 107,604
LIABILITIES:	
Current Liabilities:	
Accounts Payable	20,832
Unearned Revenue	2,636
Total Current Liabilities	23,468
Total Liabilities	23,468
NET POSITION:	
Unrestricted	84,136
Total Net Position	84,136
Total Liabilities and Net Position	\$ 107,604

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

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

	Business-Type Activities Enterprise Fund
	Food Service
OPERATING REVENUES:	
Charges for Services:	
Daily Sales Reimbursable Program	\$ -
Daily Sales Non-reimbursable Program	107
	107
Total Operating Revenues	107
OPERATING EXPENSES:	
Salaries	27,466
Purchased Prof/Tech Services	-
Other Purchased Services	15,000
Supplies and Materials	10,420
Cost of Sales- Reimbursable Programs	41,497
Cost of Sales- Non-Reimbursable Programs	-
Miscellaneous Expenses	25,471
	119,854
Total Operating Expenses	119,854
OPERATING LOSS	(119,747)
NONOPERATING REVENUES:	
Miscellaneous Income	117
State Source:	
State Lunch Program	2,050
Federal Source:	
Nutrition Reimbursements	-
Federal Breakfast Program	42,251
Federal Lunch Program	87,490
Federal Snack Program	-
Other/Miscellaneous Sales - Café	-
U.S.D.A. Commodities	9,407
	141,315
Total Nonoperating Revenues	141,315
CHANGE IN NET POSITION	21,568
TOTAL NET POSITION, JULY 1	62,568
TOTAL NET POSITION, JUNE 30	\$ 84,136

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

THE VILLAGE CHARTER SCHOOL
 Proprietary Funds
 Statement of Cash Flows
 For The Fiscal Year Ended June 30, 2021

	Business-Type Activities
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	107
Cash Payments to Suppliers and Employees	(91,314)
Net Cash Used by Operating Activities	(91,207)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash Received from State and Federal Reimbursements	141,198
Miscellaneous Income	117
Net Cash Provided by Noncapital Financing Activities	141,315
Net Decrease in Cash and Cash Equivalents	50,108
Cash and Cash Equivalents, July 1	35,623
Cash and Cash Equivalents, June 30	\$ 85,731
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss Used for Operating Activities	\$ (119,747)
Depreciation	
Changes in Assets and Liabilities:	
Decrease in Interfund Accounts Receivable	
Decrease in Prepaid Expenses	10,419
Increase in Intergovernmental Accounts Receivable	575
Increase in Other Receivables	
Decrease in Interfund Accounts Receivable	
Increase in Interfund Accounts Payable	(1,000)
Increase in Accounts Payable	18,546
Net Cash Used by Operating Activities	\$ (91,207)

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

NOTES TO THE FINANCIAL STATEMENTS

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) of the Board of Trustees (Board) of The Village Charter School (the "School") report information on all the non-fiduciary activities of the primary government only. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The School is not financially accountable for any legally separate component units, and no component units have been included in the government-wide financial statements.

The more significant of the Charter School's accounting policies are described below.

B. Reporting Entity

The Charter School is an instrumentality of the State of New Jersey, established to function as an educational institution. The School consists of volunteer officials and is responsible for the fiscal control of the Charter School. A Head of School is appointed by the Board and is responsible for the administrative control of the Charter School. The purpose of the Charter school is to educate students in grade K-8. The Charter School had an approximate enrollment at June 30, 2021 of 350 students.

The primary criterion for including activities within the Charter School reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the Charter School holds the corporate powers of the organization
- the Charter School appoints a voting majority of the organization's Board
- the Charter School is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Charter School
- there is a fiscal dependency by the organization on the Charter School

Based on the aforementioned criteria, the Charter School has no component units. Furthermore, the Charter School cannot be included in any other reporting entity on the basis of such criteria.

On June 25, 1998, the School was granted 501(c)(3) status as a non-profit. They are required to file Federal form 990 on a yearly basis.

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds a fiduciary, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activities has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the School's funds. Separate statements for each category – governmental and proprietary. – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, with each displayed in a separate column. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The School reports the following major governmental funds:

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

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

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

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

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation – Fund Financial Statements (Continued)

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

Permanent Fund – The Permanent Fund is used to report resources that are legally restricted to the extent that only earning, and not principal, may be used for purposes that support the Charter School Programs.

The Charter School reports the following major enterprise funds:

Food Service Fund – The Food Service Fund is used to account for the activities of the cafeteria operations of the School.

The School also reports the following Fiduciary fund types:

Agency Fund – The Agency Fund is used to account for assets held by the School in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

Employee Benefit Trust (Unemployment Insurance) – Employee Benefit Trust should be used to report resources that are required to be held in trust for members and beneficiaries of employee benefit plans.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84 – Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local government, including New Jersey school districts and their charter schools. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, or FY2020-2021. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

After considering the criteria and guidance, it was determined that Payroll, Payroll Agency, and Unemployment Compensation Insurance (Fund 60), previously reported as fiduciary funds, that such activities are more appropriately reported in a general fund (Fund 10). Additionally, the charter school previously reported the activity of the Student Activity (Fund 90) as a fiduciary fund. Beginning in fiscal year 2020-2021, such activity are more appropriately reported in a special revenue fund (Fund 20).

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. Measurement focus indicates the type of resources being measure, such as current financial resources or economic resources. The basis of accounting refers to the timing transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met. State categorical aid revenues are recognized as School revenue during the fiscal period in which they are appropriated.

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual basis accounting. General capital asset acquisitions are recorded as expenditures in the governmental funds and are not capitalized.

Entitlements are recorded as revenue when all eligibility requirements, including timing of funding appropriations, are met, subject to the 60-day availability requirement for collection. Interest and tuition revenues are considered susceptible to accrual and have been recognized as revenues of the current fiscal period, subject to availability. Expenditures driven grant revenues are recorded as qualifying expenditures are incurred and all other eligibility requirements have been met, subject to availability requirements. All other revenue items are considered measurable and available only when cash is received by the School.

The School's proprietary fund is reported using the economic resources measurement focus and the accrual basis of accounting.

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgets/Budgetary Control

Annual budgets are adopted for the general, and special revenue using a regulatory basis of accounting which differs from generally accepted accounting principles in one material respect; Budgetary revenues for certain non-exchange state aid transactions are recognized for budgetary purposes in the fiscal period prior to the period in which the state recognizes expenditures/expenses. The amounts of the adjustments needed to reconcile the budgetary basis to the GAAP based fund financial statement is set forth in the explanation of differences schedules, which follow.

Annual appropriated budgets are prepared in the spring of each year for the general fund. The budgets are submitted to the state for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. New Jersey statues place limits on the undesignated fund balance and required the School to obtain additional approvals when budgetary transfers, measured using the advertised budgetary account totals rather than line-item totals, exceed certain thresholds. The School did not make any supplemental budgetary appropriations during the fiscal year that required additional approvals from oversight agencies.

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

Appropriations in the general fund lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for good and services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances, for which the contracted performance is expected during the subsequent budget cycle, are legally restricted at year end and are automatically re-appropriated and become part of the subsequent years' budget pursuant to state regulations.

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

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

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

	2021	2020
Total Revenues & Expenditures (Budgetary Basis)	\$ 406,763	\$ 241,347
Adjustments:		
Less Encumbrances at June 30, 2021	-	-
Plus Encumbrances at June 30, 2020	-	-
Total Revenues and Expenditures (GAAP Basis)	\$ 406,763	\$ 241,347

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

G. Cash, Cash Equivalents and Investments

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

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

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

N.J.S.A. 17:9-41 et. seq. established the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents and Investments (Continued)

banks) and savings banks the deposits of which are federally insured. GUDPA was amended, effective July 1, 2010, by P.L. 2009, c. 326. The amendments provide a greater level of security protection for covered deposits by increasing collateralization requirements and revising the enforcement protocol to allow for timely response in the event that a member bank shows signs of stress.

Under the new law, collateralization of GUDPA deposits up to 75% of New Jersey capital is based on a sliding scale that requires the minimum of 5% collateral for well capitalized institutions to a maximum of 120% collateral for critically undercapitalized institutions. All uninsured GUDPA deposits in excess of 75% of New Jersey capital require 100% collateral. If a public depositories, is available to pay the full amount of their deposits to Governmental Units.

H. Tuition Revenue

Tuition revenues for the fiscal year 2020-2021 were based on contractual per pupil rates established by and between the sending and receiving schools. These rates are not subject to change except through amendatory contracts.

I. Inventories and Prepaid Expenses

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

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

Payments made to vendors for services that will benefit periods beyond June 30, 2021 are recorded as prepaid items in both the government-wide and fund financial statements.

J. Short-Term Interfund Receivables/Payables

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

K. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost of assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The Charter School maintains a threshold level of \$2,000 or more of initial, individual cost of capitalizing capital assets. The system for accumulation of fixed assets cost data does not provide the means for determining the percentage of assets valued at actual and those valued at estimated cost.

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Capital Assets are recorded in the Entity-wide financial statements, but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the Charter School, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20-50 years for land improvements and buildings, and 5 to 15 years for equipment.

The Charter School does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of building or other improvable property.

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

Food Service Fund:	
Equipment	5-20 Years

L. Compensated Absences

School employees are granted varying amounts of vacation and sick leave in accordance with the Charter School's personnel policy. However, school employees are not permitted to accrue vacation or sick time.

M. Pensions

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

N. Other Post-Employment Benefits

Pursuant to State Statute, the State Health Benefits Local Education Retirees Employees plan was established to oversee the funding and payment of post-employment medical benefits for eligible LEA employees. This plan is a multi-employer defined benefit OPEB Plan that is administered on a pay-as-you-go basis. No assets are accumulated in a trust that meets the criterion of paragraph 4 of GASB Statement No. 75. The Plan is a "Special Funding Situation" as defined in GASB Statement No. 75 as the State of New Jersey is solely responsible for funding the Plan's obligations (net of employee contributions).

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Post-Employment Benefits (Continued)

Accordingly, no net OPEB liability is reported on the School's Statement of Net Position. In the Statement of Activities, the School reports an annual OPEB expense and corresponding revenue, equal to the allocated expense of the School as reported by the State.

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recorded as an outflow of resources (expenditure/expense) until that time. The School is reporting three items in this category: Pension related items including the Change in Pension Assumptions; Change in Pension Proportion and the amounts of pension payments made by the School subsequent to the pension measurement date. Deferred Outflows for Changes in Pension Assumptions future outflows of resources resulting from changes in actuarial assumptions used in the valuation of the pension liability. Deferred outflows for Subsequent pension payments reflects payments made by the School to the pension system subsequent to the date of the most recent measurement period, which was June 30, 2020. Change in pension proportion represents the unfavorable impact of the incline in the School's proportionate share of system wide net pension liability.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflow of resources. This separate financial statement element represents the acquisition of net position that applies to a future period(s) and will not be recorded as an inflow of resources (revenue) until that time. The School is reporting one pension related items in this category, the Difference in Pension Earnings. This represents the School's proportionate share of plan earnings in excess of assumed amounts.

P. Unearned Revenue/Advances from Grantors

Unearned revenue represents cash advances received relating to services (expenditures/expenses) that will be provided in a subsequent fiscal period. Similarly, for expenditure-driven grants, amounts advanced to the School in excess of the amounts expended and earned are recorded as advances from grantors.

Q. Net Position Flow Assumption (School-Wide and Proprietary Fund Financial Statements)

Periodically, the School may fund outlays for a particular purpose from both restricted resources such as bond referendum proceeds and/or grant proceeds, and unrestricted resources. To determine the amounts of net position – restricted and unrestricted that should be reported in the government-wide and proprietary fund financial statements, a flow assumption must be made to establish the order in which resources are considered to be applied. In the absence of specific grant compliance requirement to the contrary, the School policy is to utilize all amounts of available restricted net position prior to applying unrestricted net position to fund acquisition costs.

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Fund Balance Flow Assumption (Government Fund Financial Statement)

Periodically, the School may fund outlays for a particular purpose from both restricted resources and unrestricted resources (the total of the committed, assigned and unassigned fund balance). To determine the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made to establish the order in which resources are considered to be applied. In the absence of specific grant compliance requirements to the contrary, the School policy is to utilize all amounts of available restricted fund balance prior to applying any component of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance, with unassigned fund balance applied last.

S. Fund Balance Policies

Fund balance of the governmental funds is reported in various categories based upon the nature of any limitations requiring the use of resources for specific purposes. The School itself can establish limitations on the use of resources through actions to transfer amounts to legally restricted reserve accounts (capital, maintenance and emergency reserves), or actions to commit or assign fund balance.

The committed fund balance includes amounts that can only be used for the specific purposes determined by a formal action of the Board of Trustees. Commitments of fund balance remain in place until the committed fund balance is fully deleted or an amendatory action is taken by the Board of Trustees.

Assignments of fund balance are made by the Board of Trustees for specific purposes that do not meet the criteria to be classified as committed. The Board of Trustees also assigns fund balance when it appropriates unrestricted/unassigned fund balance to bridge a gap between estimated revenue and appropriations in the subsequent year budget. Unlike commitments, assignments are generally temporary in nature, and additional actions of the Board are generally not required to remove an assignment, whereas an action of the Board is essential to the modification or elimination of an unexpended committed fund balance.

T. School-Wide Financial Statement Classifications

1. Program Revenues – Amounts reported as program revenues include: a) charges to customers or applicants who purchase, use or benefit from goods services or privileges provided by a given function or segment, and; b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment.
2. General Revenues – all taxes, including those designated for specific purposes such as debt service, are reported as general revenues. All other resources, including internally dedicated resources, unrestricted entitlements, and investment income are reported as general revenues.

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

School-Wide Financial Statement Classifications (Continued)

3. Capital Assets – In the statement of net position, capital assets are reported, net of accumulated depreciation as assets of the governmental activities and business-type activities.
4. Long-term Debt – In the statement of net position, long-term debt is reported as a component of long-term liabilities of the governmental activities and business-type activities.
5. Net Investment in capital Assets – In the statement of Net Position, the net undepreciated value of capital assets, less the value of outstanding debt issued to purchase acquire or build those capital assets, is reported as Net Investment in capital assets as a component of net position for the governmental activities and business-type activities.
6. Restricted Fund Balance includes amounts that can be spend only for the specific purpose stipulated by constitution, external resource provides, or through enabling legislation.

U. Proprietary Fund Operating and Non-Operating Revenues and Expenses

Proprietary funds distinguished operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and products in connection with the primary purpose of function for which the fund was established. The School's Food Service proprietary fund reports operating revenues from the sales of lunches and a la carte items, and operating expenses include the costs of sales (food, supplies, and labor), administrative costs and depreciation on capital assets. Revenues earned through the School's Lunch Program (NSLP) would be classified as non-operating revenues, notwithstanding the limitations on the pricing of Type A student lunches that is required for program participation.

V. Estimates

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

W. Impact of Recently Issued Accounting Policies

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

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Policies (Continued)

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

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Village Charter School had the following depository accounts. All deposits are carried at cost plus accrued interest.

	General Fund	Special Revenue	Proprietary Fund	Total
Operating Account	\$ 2,511,969	\$ 90,457	\$ 85,731	\$ 2,688,157

Custodial Credit Risk: Deposits – Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2021, \$0.00 of the School's bank balance of \$2,725,558 was exposed to custodial risk. (See Note 1G relating to statutory mitigation of custodial risk in the event of a bank failure).

The carrying amount of the Board's cash and cash equivalents at June 30, 2021 was \$2,688,157 and the bank balance was \$2,725,558. All bank balances were covered by federal depository insurance (FDIC) and/or by a collateral pool maintained by the banks as required by GUDPA.

As of June 30, 2021, the Charter School held no investments.

New Jersey Cash Management Fund – All investments in the fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for the reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the council regulations, the Division sets further standards for specific investment and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2021, the Charter School had no funds on deposit with the New Jersey Cash Management Fund.

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3: DISCLOSURE OF THE INFORMATION ABOUT CAPITAL ASSETS

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position-governmental activities as reported in the District-wide statement of net position. One item of that reconciliation explains that capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. An addition to the fund balance – total governmental funds is made to reflect to carrying value of the School's capital assets of year-end in the District-wide financial statements, which consisted of: Total Capital Assets at cost of \$7,486,666 , less accumulated depreciation of \$2,295,092 .

Government Activities Capital Assets, Net

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land and Land Improvements	564,271	\$ -	\$ -	\$ 564,271
Total Capital Assets Not Being Depreciated	564,271	-	-	564,271
<i>Capital Assets Being Depreciated:</i>				
Building and Building Improvements	6,699,498	88,000	\$ -	\$6,787,498
Machinery and Equipment	674,182	24,986	-	699,168
Total Capital Assets Being Depreciated	7,373,680	112,986	-	\$7,486,666
Less Accumulated Depreciation For:				
Building and Building Improvements	1,411,237	229,023	-	1,640,260
Machinery and Equipment	645,496	9,336	-	654,832
Total Accumulated Depreciation	2,056,733	238,359	-	2,295,092
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	5,316,947	(125,373)	-	5,191,574
Government Activity Capital Assets, Net	\$5,881,218	\$(125,373)	\$ -	\$5,755,845

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 3: DISCLOSURE OF THE INFORMATION ABOUT CAPITAL ASSETS
(CONTINUED)**

Government Activities Capital Assets, Net (Continued)

Note: Certain adjustments were made to agree physical inventory of capital assets at June 30, 2021.

Depreciation expense was changed to governmental functions as follows:

Depreciation Expense:	
Instructional	\$ 198,188
Administration	31,885
Support	8,286
Total	\$ 238,359

NOTE 4: RECEIVABLES

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

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

	Governmental Funds		Total Governmental Activities	Proprietary Fund	Total Business Type Activities	Total
	General Fund	Special Revenue Fund		Food Service Fund		
	State Awards	\$ 28,474		\$ -		
Federal Awards	-	73,533	73,533	-	-	73,533
Other	31,724	-	31,724	-	-	31,724
Gross Receivables	60,198	73,533	133,731	-	-	133,731
Less: Allowance for Uncollectibles	-	-	-	-	-	-
Total Receivables, Net	\$ 60,198	\$ 73,533	\$ 133,731	\$ -	\$ -	\$ 133,731

NOTE 5: LONG TERM LIABILITIES

On October 2, 2013, The Village Charter School entered into a mortgage agreement with the New Jersey Economic Development Authority for \$6,000,000. The mortgage has monthly principal and interest payments of \$41,560.75 and a fifteen (15) year amortization schedule bearing a fixed annual interest rate of 3.00%. Payments commenced on October 16, 2013 with the last payment due on October 16, 2028.

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5: LONG TERM LIABILITIES (Continued)

Long-term liability for the fiscal year ended June 30, 2021, was as follows:

	Balance July 01, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Governmental Activities:					
Mortgage Payable	\$ 3,666,816	\$ -	\$392,628	\$ 3,274,188	\$ 404,738
Loan Payable	20,000		20,000	-	-
Sub-total Mortgage Payable	3,686,816	-	412,628	3,274,188	404,738
Net Pension Liability	912,348	78,528	-	\$ 990,876	-
Total	<u>\$ 4,599,164</u>	<u>\$ 78,528</u>	<u>\$ 412,628</u>	<u>\$ 4,265,064</u>	<u>\$ 404,738</u>

For the governmental activities, the liabilities for net pension liability are generally liquidated by the general fund.

NOTE 6: PENSION PLANS

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

A. Public Employee's Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6: PENSION PLANS (CONTINUED)

Benefits Provided (Continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier. The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295 Trenton, New Jersey 08625-0925.

Basis of Presentation

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

Allocation Methodology and Reconciliation to Financial Statements

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ration of the contributions of an individual employer to the total contributions to PERS during the measurement period July 01, 2019 through June 30, 2020. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6: PENSION PLANS (CONTINUED)

Allocation Methodology and Reconciliation to Financial Statements

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

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

Contributions

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

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment amounts certified for payments due not be included in their unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. The Charter School contributions to PERS amounted to \$ 66,471 for fiscal year 2021.

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

At June 30, 2021, the Charter School reported a liability of \$ 990,876 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 which was rolled forward to June 30, 2021. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020 measurement date, the Charter School's proportion was 0.00607624%, which was an increase of 0.00101284% from its proportion measured as of June 30, 2019.

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6: PENSION PLANS (CONTINUED)

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

For the fiscal year ended June 30, 2021, the Charter School recognized pension expense of \$ 49,252 . At June 30, 2021, the Charter School reported deferred outflows of resources and deferred related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 32,145	\$ 414,889
Difference Between Expected and Actual Experience	\$ 18,042	3,504
Changes in Proportion	\$ 227,281	506,826
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	\$ 33,869	-
	<u>\$ 311,337</u>	<u>\$ 925,219</u>

Changes in Proportion

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

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

Fiscal Year Ending June 30,	Total
2022	\$ (228,297)
2023	(208,137)
2024	(118,945)
2025	(48,099)
2026	(10,403)
	<u>\$ (613,882)</u>

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6: PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 01, 2019 which was rolled forward to June 30, 2020. This actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement

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

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

The actuarial assumptions used in the July 01, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long Term Expected Rate of Return

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

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (Continued)

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real State	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	50.00%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

Discount Rate

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

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6: PENSION PLANS (CONTINUED)

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

Measurement Date June 30, 2020			
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School proportionate share of the Net Pension Liability	\$ 1,257,156	\$ 998,667	\$ 779,333

Measurement Date June 30, 2019			
	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Charter School proportionate share of the Net Pension Liability	\$ 1,160,462	\$ 918,695	\$ 714,973

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the New Jersey PERS.

A. Teacher's Pension Annuity Fund (TPAF)

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

Benefit Provided

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

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6: PENSION PLANS (CONTINUED)

Benefit Provided (Continued)

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

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

Allocation Methodology

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

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

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6: PENSION PLANS (CONTINUED)

Special Funding Situation

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

This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal year ended 2021, the State of New Jersey contributed to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$ 61,798 .

As June 30, 2021, the State's proportionate share of the net pension liability associated with the Charter School was \$ 495,213 . The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 which was rolled forward to June 30, 2020.

The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020 measurement date, Charter School's proportion was 0.0218538%, which was an Increase of 0.0005098% from its proportion measured as of June 30, 2019.

Charter School's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	14,390,453
Total	\$ 14,390,453

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6: PENSION PLANS (CONTINUED)

Special Funding Situation (Continued)

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the Charter School in the amount of \$ 495,213 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2021 financial statements.

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

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

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

Fiscal Year Ending June 30,	Total
2022	\$ (262,056,928)
2023	(188,358,995)
2024	(774,174,971)
2025	(1,939,112,462)
2026	(1,466,451,639)
Thereafter	(335,285,618)
	<u>\$ (4,965,440,613)</u>

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6: PENSION PLANS (CONTINUED)

Actuarial Assumptions

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

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

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

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

Long Term Expected Rate of Return

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

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of June 30, 2020 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Measurement Date June 30, 2020			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(4.40%)	(5.40%)	(6.40%)
Charter School's proportionate share of the Net Pension Liability	\$ 16,940,417	\$ 14,422,076	\$ 12,331,016

Measurement Date June 30, 2019			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(4.60%)	(5.60%)	(6.60%)
Charter School's proportionate share of the Net Pension Liability	\$ 22,009,031	\$ 18,664,037	\$ 15,888,749

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)

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employee's base salary. Active members contribute 5.5% of base salary.

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) (Continued)

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

For the year ended June 30, 2021 the School's total payroll for all employees was \$2,858,295. Total DCRP covered payroll was \$32,771. Covered payroll refers to all compensation paid by the School to active employees covered by the Plan. School and employee contributions to the DCRP for the year ended June 30, 2021 were \$983.13.

NOTE 7: POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

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

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7: POST-RETIREMENT BENEFITS (CONTINUED)

GENERAL INFORMATION ABOUT THE OPEB PLAN (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

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

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

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

Health Care Trend Assumptions

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

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7: POST-RETIREMENT BENEFITS (CONTINUED)

GENERAL INFORMATION ABOUT THE OPEB PLAN (CONTINUED)

Discount rate

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

Changes in the Total Non-Employer OPEB Liability

The table below summarizes the State's proportionate share of the change in the total non-employer OPEB liability associated with the Charter School for the fiscal year ended June 20, 2021

Balance at June 30, 2020					\$ 3,833,706
Service cost					415,535
Interest on Total OPEB Liability					146,729
Difference between expected and actual experience					1,283,544
Effect of Changes of Assumptions					1,243,625
Effect of Changes of Proportion					
Contributions - Employee					3,592
Gross Benefits Paid by the State					(118,525)
				Net Changes	2,974,500
Balance at June 30, 2021					6,808,206

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

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

	Measurement Date Ended June 30, 2020		
	At 1%	At current	At 1%
	Decrease (1.21%)	discount rate (2.21%)	Increase (3.21%)
Total OPEB Liability	\$ 8,207,644	\$ 6,808,206	\$ 5,713,980

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7: POST-RETIREMENT BENEFITS (CONTINUED)

GENERAL INFORMATION ABOUT THE OPEB PLAN (CONTINUED)

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

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

	Measurement Date Ended June 30, 2020		
	At 1% decrease	Trend Rate	At 1% Increase
	Total OPEB Liability	\$ 5,495,813	\$ 6,808,206

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

For the fiscal year ended June 30, 2021 the Charter School recognized OPEB revenue and expense of \$1,234,021 in the government-wide financial statements for the State's proportionate share of the OPEB Plan's OPEB expenses, associated with the Charter School. This expense and revenue was based on the OPEB Plan's June 30, 2020 measurement date.

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

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between Actual and Expected Experience	\$ 1,033,663.02	\$ (920,750)
Net Difference between Expected and Actual Earnings on OPEB Plan Investments	-	-
Assumption Changes	1,158,053	(776,855)
Sub Total	2,191,716	(1,697,605)
Contributions Made in Fiscal Year 2021 after June 30, 2020 Measurement Date	N/A	N/A

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

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7: POST-RETIREMENT BENEFITS (CONTINUED)

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

Measurement Period ending June 30		
2022	\$	4,361
2023	\$	4,361
2024	\$	4,361
2025	\$	4,361
2026	\$	4,361
Total Thereafter	\$	<u>472,304</u>
	<u>\$</u>	<u>494,111</u>

NOTE 8: COMPENSATED ABSENCES

School employees are granted varying amounts of vacation and sick leave in accordance with the Charter School's personnel policy. However, school employees are not permitted to accrue vacation or sick time.

NOTE 9: DEFERRED COMPENSATION

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

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 omission; injuries to employees; and natural disasters.

Property and Liability Insurance

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

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10: RISK MANAGEMENT (CONTINUED)

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.

NOTE 11: INTERFUND RECEIVABLES AND PAYABLES

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

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 153,526	\$ -
Special Revenue Fund		153,526
Proprietary Fund		
Total	<u>\$ 153,526</u>	<u>\$ 153,526</u>

NOTE 12: OTHER LIABILITIES

With the purchase of the school property the mortgage contained a covenant that required the Village Charter School to maintain an escrow account in the amount of \$250,000 for the demolition and/or remediation expense required on the property and miscellaneous liabilities of \$1,767 .

NOTE 13: OTHER RESERVES

On June 23, 2011, the Board of Trustees established a Maintenance Reserve Account in the amount of \$500,000 . The activity for the July 01, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance July 1, 2020	\$	700,759
2020-2021 Budget Appropriation		-
Ending Balance June 30, 2021	<u>\$</u>	<u>700,759</u>

NOTE 14: INVENTORY

Inventory in the Food Service Fund at June 30, 2021 consisted of the following:

Food	\$	8,126
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**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 15: FUND BALANCE APPROPRIATED

General Fund (B-1)

Of the \$2,473,006 of General Fund balance at June 30, 2021, \$700,759 has been restricted in the Maintenance Reserve and \$12,176 has been restricted in the Unemployment Compensation. \$500,000 is designated for Health Benefit Reserve and \$1,260,071 is unassigned for General Funds..

NOTE 16: DEFICIT FUND BALANCES

The Charter School did not have any deficit fund balances at June 30, 2021 that would have been reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school budget year, Charter Schools must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for Charter Schools to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the Charter School can not recognize the last state aid payment on the GAAP financial statements until the year the State records the payable.

Pursuant to *N.J.S.A. 18A:22-44.2* any negative unassigned general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action.

NOTE 17: PENDING LITIGATION

As at the date of this report, there was no litigation pending which, in the event of an adverse or unfavorable outcome, would materially impair the financial position of the The Village Charter School.

NOTE 18: CONTINGENCY

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

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 19: SUBSEQUENT EVENTS

The charter school previously reported the activity of the Payroll, Payroll Agency, and Unemployment Compensation Insurance (Fund 60) as a fiduciary fund. Beginning in fiscal year 2020-2021, such activities have been more appropriately reported in a general fund (Fund 10). Accordingly, the general fund reports a restated beginning balance as follows:

	NET POSITION	PRIOR PERIOD	RESTATED
	JULY 1, 2020 BALANCE	ADJUSTMENT	JULY 1, 2020 BALANCE
GOVERNMENTAL FUNDS-GENERAL FUND	\$ 2,061,074	\$ 48,965	\$ 2,110,039

which is equal to the restatement of net current assets and current liabilities previously reported in the agency fund. All remaining assets and liabilities, if any, previously reported in the agency fund are not recognized at the fund level under the modified accrual basis of accounting, and have been reclassified as assets and liabilities of the governmental activities as of July 1, 2020.

	NET POSITION	PRIOR PERIOD	RESTATED
	JULY 1, 2020 BALANCE	ADJUSTMENT	JULY 1, 2020 BALANCE
GOVERNMENTAL FUNDS-SPECIAL REVENUE FUND	\$ -	\$ 217	\$ 217

Additionally, the charter school previously reported the activity of the Student Activity (Fund 90) as a fiduciary fund. Beginning in fiscal year 2020-2021, such activity have been more appropriately reported in a special revenue fund (Fund 20). Accordingly, the newly established special revenue fund reports a restated beginning balance as follow:

NOTE 20: SUBSEQUENT EVENTS

Subsequent events were evaluated through February 25, 2022, the date the financial statements were available to be issued.

NOTE 21: IMPACT OF COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

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

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULE

THE VILLAGE CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
"Local Levy" Local Share - Charter School Aid	\$ 423,001	\$ 43,113	\$ 466,114	\$ 466,650	\$ 536
Total Local Sources	423,001	43,113	466,114	466,650	536
Categorical Aid:					
"Local Levy" State Share - Charter School Aid	3,922,891	(230,153)	3,692,738	3,698,087	5,349
Special Education	141,005	(32,703)	108,302	108,302	-
Security Aid	173,076	11,331	184,407	184,559	152
Non-Public Student Aid	201,240	205,616	406,856	406,856	-
Total Categorical Aid	4,438,212	(45,909)	4,392,303	4,397,804	5,501
Revenues From Other Sources:					
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				182,074	182,074
On Behalf Pension Aid (Non-Budgeted)				674,702	674,702
On Behalf Post Retirement Medical Aid (Non-Budgeted)				211,441	211,441
On Behalf Long-Term Disability Insurance Aid (Non-Budgeted)				845	845
Contributions/Donations	13,250		13,250	15,703	2,453
Interest Income	3,700		3,700	3,787	87
Miscellaneous Revenue				12,737	12,737
Total Revenues From Other Sources	16,950	-	16,950	1,101,289	1,084,339
Total Revenues	4,878,163	(2,796)	4,875,367	5,965,743	1,090,376
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,169,191	7,736	1,176,927	999,919	177,008
Kindergarten - Salaries of teachers	109,357	10,301	119,658	107,298	12,360
Grades 1-5 - Salaries of teachers	552,697	13,876	566,573	550,431	16,142
Other Salaries for Instruction	224,193	14,377	238,570	235,621	2,949
Purchased Prof/Tech Services	101,500		101,500	41,242	60,258
Other Purchased Services	69,000	(18,010)	50,990	36,447	14,543
General Supplies	154,037	18,010	172,047	115,343	56,704
Textbooks	23,418		23,418	2,109	21,309
Miscellaneous	23,565	-	23,565	1,796	21,769
Total Instruction	2,426,958	46,290	2,473,248	2,090,206	383,042
Administration:					
Salaries - General Administration	454,370	4,072	458,442	458,442	-
Salaries of Secretarial/Clerical Assistants	271,639	3,924	275,563	275,078	485
Total Benefits Cost	475,876	(2,867)	473,009	457,208	15,801
Purchases Prof/Tech Services	47,850	(2,177)	45,673	44,491	1,182
Other Purchased Services	13,190		13,190	10,880	2,310
Communications/Telephone	40,995	(2,924)	38,071	25,931	12,140
Supplies and Materials	9,000	(1,621)	7,379	6,033	1,346
Miscellaneous Expenses	16,500		16,500	646	15,854
Total Administration	1,329,420	(1,593)	1,327,827	1,278,709	49,118

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

THE VILLAGE CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Support Services:					
Salaries	391,560	(4,324)	\$ 387,236	330,928	\$ 56,308
Purchased Prof/Tech Services	4,000	(2,337)	1,663		1,663
Cleaning, Repair, and Maintenance Services	234,650		234,650	120,717	113,933
Rental of Land and Buildings	557,200	(2,958)	554,242	428,349	125,893
Other Purchased Services	4,500		4,500	3,000	1,500
Insurance for Property, Liability and Fidelity	87,509	5,825	93,334	93,334	-
Supplies and Materials	22,000	1,581	23,581	13,077	10,504
Energy Costs (Heat and Electricity)	95,200		95,200	62,408	32,792
Miscellaneous Expenses					
Total Support Services	1,396,619	(2,213)	1,394,406	1,051,813	342,593
(Continued from Prior Page)					
Capital Outlay:					
Instructional Equipment	1,500	(273)	1,227	112,986	(111,759)
Total Capital Outlay	1,500	(273)	1,227	112,986	(111,759)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	182,074	(182,074)
On Behalf Pension Contributions (Non-Budgeted)				674,702	(674,702)
On Behalf Post-Retirement Medical Contributions (Non-Budgeted)				211,441	(211,441)
On Behalf Long-Term Disability Insurance Contributions (Non-Budgeted)				845	(845)
Total Expenditures	5,154,497	42,211	5,196,708	5,602,776	(193,782)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(276,334)	(45,007)	(321,341)	362,967	684,308
FUND BALANCE, JULY 1	2,061,074	-	2,061,074	2,061,074	-
PRIOR PERIOD ADJUSTMENT	48,965	-	48,965	48,965	-
FUND BALANCES, JULY 1, RESTATED	2,110,039	-	2,110,039	2,110,039	-
FUND BALANCE, JUNE 30	\$ 1,833,705	\$ (45,007)	\$ 1,788,698	\$ 2,473,006	\$ 684,308
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	\$ 1,833,705	\$ (45,007)	1,788,698	\$ 2,473,006	\$ 684,308
Total	\$ 1,833,705	\$ (45,007)	\$ 1,788,698	\$ 2,473,006	\$ 684,308

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

THE VILLAGE CHARTER SCHOOL
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Federal Sources	\$ 406,763	\$ -	\$ 406,763	\$ 406,763	\$ -
Total Revenues	406,763	-	406,763	406,763	-
EXPENDITURES:					
Instruction:					
Salaries of Teachers	177,863	(13,200)	164,663	164,663	-
General Supplies	109,480	23,772	133,252	133,252	-
Total Instruction	351,943	12,387	364,330	364,330	-
Support Services:					
Personal Services - Employee Benefits	21,542	(1,564)	19,978	19,978	-
Purchased Prof/Ed Services		-	-		-
Total Support Services	54,820	(12,387)	42,433	42,433	-
Total Expenditures	406,763	-	406,763	406,763	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

THE VILLAGE CHARTER SCHOOL
 Budgetary Comparison Schedule
 Budget-To-GAAP Reconciliation
 Note to RSI
 For the Fiscal Year Ended June 30, 2021

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

		General Fund		Special Revenue Fund
Sources/Inflows of Resources				
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1]	\$ 5,965,743	[C-2]	\$ 406,763
 Difference - Budget to GAAP Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized				-
 Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2]	\$ 5,965,743	[B-2]	\$ 406,763
 Uses/Outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 5,602,776	[C-2]	\$ 406,763
 Differences - Budget to GAAP: Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.				-
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 5,602,776	[B-2]	\$ 406,763

REQUIRED SUPPLEMENTARY INFORMATION – PART III

***SCHEDULE L - SCHEDULES RELATED TO ACCOUNTING AND
REPORTING FOR PENSIONS (GASB 68)***

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

	Fiscal Year Ending June 30,							
	2014	2015	2016	2017	2018	2019	2020	2021
Charter School's proportion of the net pension liability	0.57880799%	0.72916123%	0.81942900%	0.97176258%	0.84812799%	0.72247580%	0.005063403%	0.006076240%
Charter School's proportionate share of the net pension liability	\$ 1,106,217	\$ 1,365,189	\$ 1,839,456	\$ 2,878,082	\$ 1,974,306	\$ 1,422,519	\$ 912,348	\$ 990,876
Charter School's covered payroll (plan measurement period)	\$ 597,780	\$ 635,767	\$ 572,204	\$ 505,506	\$ 391,667	\$ 428,431	\$ 440,053	\$ 499,047
Charter School's proportionate share of the net pension liability as a percentage of its covered payroll	185%	215%	321%	569%	504%	332%	207%	199%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%	47.93%	40.14%	48.10%	53.60%	51.55%	53.60%

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

THE VILLAGE CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,							
	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 43,612	\$ 60,111	\$ 70,449	\$ 87,637	\$ 81,076	49,525	231,620	66,471
Contributions in relation to the contractually required contribution	(43,612)	(60,111)	(70,449)	(87,637)	(81,076)	(49,525)	(231,620)	(66,471)
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered payroll (fiscal year)	\$ 597,780	\$ 635,767	\$ 572,204	\$ 505,506	\$ 391,667	\$ 428,431	\$ 440,053	\$ 499,047
Contributions as a percentage of covered payroll	7.30%	9.45%	12.31%	17.34%	20.70%	11.56%	52.63%	13.32%

Note: This schedule does not contain ten years of information as GASB No. 64 was implemented during the fiscal year ended June 30, 2015.

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

	Fiscal Year Ending June 30,							
	2014	2015	2016	2017	2018	2019	2020	2021
State's proportion of the net pension liability attributable of the Charter School	0.0219371%	0.0214825%	0.0201668%	0.02065631%	0.02017700%	0.01932200%	0.02134400%	0.02185378%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 11,086,851	\$ 11,481,669	\$ 12,746,267	\$ 16,249,572	\$ 13,604,061	\$ 12,292,147	\$ 13,099,013	\$ 14,390,453
Charter School's covered payroll (plan measurement period)	\$ 2,027,709	\$ 1,967,119	\$ 1,961,428	\$ 2,091,348	\$ 2,177,547	\$ 2,469,778	\$ 2,380,119	\$ 2,375,074
Charter School's proportionate share of the net pension liability as a percentage of it's covered payroll	546.77%	583.68%	649.85%	776.99%	624.74%	497.70%	550.35%	605.89%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%	22.33%	25.41%	26.49%	25.41%	26.95%

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

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

	Fiscal Years Ending				
	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Total Non-Employer OPEB Liability- States's Proportionate Share of the Total OPEB Liability Associated with the Charter School					
OPEB Liability at Beginning of Measurement Period		\$ 4,291,183	\$ 4,183,641	\$ 3,814,302	\$ 3,833,706
Service cost		526,125	434,826	388,609	415,535
Interest on Total OPEB Liability		135,973	163,594	160,464	146,729
Difference between expected and actual experience	NOT AVAILABLE		(431,581)	(472,635)	1,283,544
Effect of Changes of Assumptions		(676,306)	(437,710)	57,161	1,243,625
Contributions - Employee		3,568	3,525	3,488	3,592
Gross Benefits Paid by the State		(96,902)	(101,993)	(117,683)	(118,525)
Net Change in Total OPEB Liability		(107,542)	(369,339)	19,404	2,974,500
OPEB Liability at Beginning of Measurement Period	NOT AVAILABLE	4,291,183	4,183,641	3,814,302	3,833,706
Total OPEB Liability at End of Measurement Period	\$ 4,291,183	\$ 4,183,641	\$ 3,814,302	\$ 3,833,706	\$ 6,808,206

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

Notes to Schedule:

Changes in benefit terms:

None

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

Changes in Assumptions:

The increase in the liability from June 30, 2018 to June 30, 2019 is due to the decrease in the assumed discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019; and changes in the trend, excise tax, updated decrements, future spouse election, PPO/HMO future retiree elections, salary scale and mortality assumptions. The increase in the liability from June 30, 2019 to June 30, 2020 is due to the combined effect of the decrease in the assumed discount rate from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020; and changes in the trend, excise tax, updated mortality improvement assumptions.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION III

THE VILLAGE CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR FISCAL YEAR ENDED JUNE 30, 2021

A. Benefit Changes

There were none.

B. Changes in Assumptions

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

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

A. Benefit Changes

There were none.

B. Changes in Assumptions

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

OTHER SUPPLEMENTARY INFORMATION

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

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

THE VILLAGE CHARTER SCHOOL

Special Revenue Fund
 Combining Schedule of Revenues and Expenditures
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2021

	Title I	Title I Carryover	Cares Act Grant	FEMA Grant	CRF Grant	IDEA Part B	IDEA Preschool	Total
Revenues:								
Federal Sources	\$ 247,456	\$ 9,600	9,123	8,911	46,473	84,255	945	\$ 406,763
Local Sources								-
Total Revenues	\$ 247,456	\$ 9,600	\$ 9,123	\$ 8,911	\$ 46,473	\$ 84,255	\$ 945	\$ 406,763
Expenditures:								
Instruction:								
Salaries of Teachers	\$ 109,243	\$ -	\$ -	\$ -	\$ -	\$ 55,420	\$ -	\$ 164,663
Other Salaries for Instruction	66,415							66,415.00
General Supplies	52,962	5,981	9,123	8,911	46,473	8,857	945	124,395
Textbooks								8,857
Total Instruction	228,620	5,981	9,123	8,911	46,473	64,277	945	364,330
Support Services:								
Personal Services/Employee Benefits		3,619				19,978		19,978
Purchased Prof/Ed Services	18,836							3,619
Other Purchased Professional Services								18,836
Total Support Services	18,836	3,619	-	-	-	19,978	-	42,433
Total Expenditures	247,456	9,600	9,123	8,911	46,473	84,255	945	406,763
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**SECTION G – PROPRIETARY FUNDS
DETAIL STATEMENTS**

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

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

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

SECTION I – LONG-TERM DEBT SCHEDULES

The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

THE VILLAGE CHARTER SCHOOL
 Schedule of Notes Payable
 June 30, 2021

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2020	Issued	Retired	Balance June 30, 2021
			Date	Amount					
Mortgage*	10/2/13	\$ 6,000,000.00	2021-22	\$ 404,739	3.00%				
			2022-23	\$ 417,222	3.00%				
			2023-24	\$ 429,909	3.00%				
			2024-25	\$ 443,352	3.00%				
			2025-26	\$ 457,026	3.00%				
			2026-27	\$ 471,123	3.00%				
			2027-28	\$ 526,775	3.00%				
			2028-29	\$ 124,042	3.00%	\$ 3,666,816	\$ -	\$ 392,628	\$ 3,274,188
						\$ -	\$ -	\$ 20,000	\$ -
Loan	10/2/13	\$ 260,000.00			0.00%	\$ 20,000	\$ -	\$ 412,628	\$ 3,274,188
						\$ 3,686,816	\$ -	\$ 412,628	\$ 3,274,188

* Payments are due on the 16th day of each month
 The loan for \$260,000 was interest free.

**STATISTICAL SECTION
(UNAUDITED)**

The Village Charter School has been in operation for ten (10) years. GASB requires that ten years of statistical data be presented. Statistical data for ten (10) years is available and is presented

Contents

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.

Revenue Capacity (Not Applicable To Charter School)

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

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 charter school's ability to issue additional debt in the future.

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.

Operating Information

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

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

FINANCIAL TRENDS

THE VILLAGE CHARTER SCHOOL

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities										
Net Investment in Capital Assets/ Invested in capital assets, net of related debt	\$ (3,686,816)	\$ 2,194,402	\$ 1,784,236	\$ 1,624,230	\$ 1,473,077	\$ 1,346,685	\$ 1,231,380	\$ 1,099,564	\$ 201,969	\$ 107,401
Restricted	1,200,976	1,242,893	756,127	1,006,127	902,535	899,867	831,107	781,107	500,000	500,000
Unrestricted	5,729,861	(899,849)	(532,898)	(699,655)	(661,265)	(719,372)	(530,389)	599,894	1,263,414	964,228
Total Governmental Activities Net Assets/ Position	\$ 3,244,021	\$ 2,537,446	\$ 2,007,465	\$ 1,930,702	\$ 1,714,347	\$ 1,527,180	\$ 1,532,098	\$ 2,480,565	\$ 1,965,383	\$ 1,571,629
Business-Type Activities										
Unrestricted	\$ 84,136	\$ 62,568	\$ 55,075	\$ 31,220	\$ 32,098	\$ 33,930	\$ 38,637	\$ 49,016	\$ 45,042	\$ 59,268
Total Business-Type Activities Net Assets/Position	\$ 84,136	\$ 62,568	\$ 55,075	\$ 31,220	\$ 32,098	\$ 33,930	\$ 38,637	\$ 49,016	\$ 45,042	\$ 59,268
Charter School-Wide										
Net Investment in Capital Assets/ Invested in capital assets, net of related debt	\$ (3,686,816)	\$ 2,194,402	\$ 1,784,236	\$ 1,624,230	\$ 1,473,077	\$ 1,346,685	\$ 1,231,380	\$ 1,099,564	\$ 201,969	\$ 107,401
Restricted	1,200,976	1,242,893	756,127	1,006,127	902,535	899,867	831,107	781,107	500,000	500,000
Unrestricted	5,813,997	(837,281)	(477,823)	(668,435)	(629,167)	(685,442)	(491,752)	648,910	1,308,456	1,023,496
Total Charter School Net Position	\$ 3,328,157	\$ 2,600,014	\$ 2,062,540	\$ 1,961,922	\$ 1,746,445	\$ 1,561,110	\$ 1,570,735	\$ 2,529,581	\$ 2,010,425	\$ 1,630,897

Source: Annual Comprehensive Financial Report

THE VILLAGE CHARTER SCHOOL
 Changes in Net Position
 Last Ten Fiscal Years
(accrual basis of accounting)
 Unaudited

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental Activities:										
Instruction	\$ 2,557,244	\$ 2,780,428	\$ 2,925,168	\$ 2,805,383	\$ 2,721,564	\$ 2,739,510	\$ 2,619,833	\$ 2,526,010	\$ 2,339,823	\$ 2,644,806
Administration	1,410,250	1,257,389	1,439,443	1,742,384	1,628,213	666,998	500,122	402,978	470,713	348,414
Support Services	1,601,130	2,094,470	2,020,141	2,133,727	2,572,752	2,576,686	2,725,708	2,521,754	2,794,091	2,813,655
Interest on Long-Term Debt	106,101	128,766	129,073	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Unallocated Depreciation	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	\$ 5,674,725	\$ 6,261,053	\$ 6,513,825	\$ 6,681,494	\$ 6,922,529	\$ 5,983,194	\$ 5,845,663	\$ 5,450,742	\$ 5,604,627	\$ 5,806,875
Business-Type Activities:										
Food Service	119,854	184,092	226,863	210,514	234,385	246,118	204,362	174,539	187,704	162,609
Total Business-Type Activities Expenses	\$ 119,854	\$ 184,092	\$ 226,863	\$ 210,514	\$ 234,385	\$ 246,118	\$ 204,362	\$ 174,539	\$ 187,704	\$ 162,609
Total Charter School Expenses	\$ 5,794,579	\$ 6,445,145	\$ 6,740,688	\$ 6,892,008	\$ 7,156,914	\$ 6,229,312	\$ 6,050,025	\$ 5,625,281	\$ 5,792,331	\$ 5,969,484
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	\$ 76,417	\$ 514,630	\$ 1,765,101	\$ 2,086,777	\$ 1,576,749	\$ 541,776	\$ 791,677	\$ 768,588	\$ 470,713	\$ 348,414
Total Governmental Activities Expenses	\$ 76,417	\$ 514,630	\$ 1,765,101	\$ 2,086,777	\$ 1,576,749	\$ 541,776	\$ 791,677	\$ 768,588	\$ 470,713	\$ 348,414
Business-Type Activities:										
Food service	107	24,984	31,290	23,082	21,889	27,045	9,653	9,932	27,212	15,038
Operating Grants and Contributions	141,198	166,506	219,381	186,511	210,618	214,279	184,269	168,574	146,230	158,276
Total Business-Type Activities Expenses	\$ 141,305	\$ 191,500	\$ 250,671	\$ 209,593	\$ 232,507	\$ 241,324	\$ 193,922	\$ 178,506	\$ 173,442	\$ 173,314
Total Charter School Program Revenue	\$ 217,722	\$ 706,130	\$ 2,015,772	\$ 2,296,370	\$ 1,809,256	\$ 783,100	\$ 985,599	\$ 947,094	\$ 644,155	\$ 521,728
Net (Expense)/Revenue										
Governmental Activities	\$ (5,598,308)	\$ (5,746,423)	\$ (4,748,724)	\$ (4,594,717)	\$ (5,345,780)	\$ (5,441,418)	\$ (5,053,986)	\$ (4,682,154)	\$ (5,133,914)	\$ (5,458,461)
Business-Type Activities	21,451	7,408	23,808	(921)	(1,878)	(4,794)	(10,440)	3,967	(14,262)	10,705
Total Charter School Net Expense	\$ (5,576,857)	\$ (5,739,015)	\$ (4,724,916)	\$ (4,595,639)	\$ (5,347,658)	\$ (5,446,212)	\$ (5,064,426)	\$ (4,678,187)	\$ (5,148,176)	\$ (5,447,756)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 466,650	\$ 439,804	\$ 447,552	\$ 473,271	\$ 474,293	\$ 491,623	\$ 495,923	\$ 488,750	\$ 473,447	\$ 469,718
Federal and State Aid Not Restricted (Unrestricted Grants and Contributions)	5,778,051	5,747,956	4,330,624	4,459,523	4,495,179	4,378,779	4,694,097	4,659,447	4,538,335	4,704,175
Local Aid	-	85,190	-	-	544,781	536,780	12,500	13,285	513,974	396,996
Investment Earnings	3,787	-	-	-	-	-	-	-	-	-
Miscellaneous Income	15,716	3,454	47,310	17,946	18,692	29,318	9,217	35,853	1,915	17,188
Total Governmental Activities	\$ 6,264,204	\$ 6,276,404	\$ 4,825,486	\$ 4,950,740	\$ 5,532,945	\$ 5,436,500	\$ 5,211,737	\$ 5,197,335	\$ 5,527,671	\$ 5,588,077
Business-Type Activities:										
General Purposes	-	-	-	-	-	-	-	-	-	-
Investment earning	117	86	47	44	45	88	60	7	36	24
Total Business-Type Activities Expenses	\$ 117	\$ 86	\$ 47	\$ 44	\$ 45	\$ 88	\$ 60	\$ 7	\$ 36	\$ 24
Total Charter School Wide	\$ 6,264,321	\$ 6,276,490	\$ 4,825,533	\$ 4,950,784	\$ 5,532,990	\$ 5,436,588	\$ 5,211,797	\$ 5,197,342	\$ 5,527,707	\$ 5,588,101
Change in Net Position										
Governmental Activities	\$ 665,896	\$ 529,981	\$ 76,762	\$ 356,023	\$ 187,165	\$ (4,918)	\$ 157,751	\$ 515,181	\$ 393,757	\$ 129,616
Business-Type Activities	21,568	7,494	23,855	(877)	(1,833)	(4,706)	(10,380)	3,974	(14,226)	10,729
Total Charter School	\$ 687,464	\$ 537,475	\$ 100,617	\$ 355,146	\$ 185,332	\$ (9,624)	\$ 147,371	\$ 519,155	\$ 379,531	\$ 140,345

Source: Annual Comprehensive Financial Report

THE VILLAGE CHARTER SCHOOL
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund	701,193	\$ 700,759	\$ 881,107	\$ 1,131,107	\$ 881,107	\$ 881,107	\$ 831,107	\$ 781,107	\$ 500,000	\$ 500,000
Restricted					21,428	18,760				
Committed	12,176	\$ 542,134	\$ 814,830	\$ 625,020	484,497	226,635				
Assigned		818,181	316,916	303,340	463,891	346,295	630,494	600,496	1,263,414	964,228
Unassigned	2,115,005									
Total General Fund	\$ 2,828,374	\$ 2,061,074	\$ 2,012,853	\$ 2,059,467	\$ 1,850,923	\$ 1,472,797	\$ 1,461,601	\$ 1,381,603	\$ 1,763,414	\$ 1,464,228

Source: Annual Comprehensive Financial Report

THE VILLAGE CHARTER SCHOOL
 Changes in Fund Balances - Governmental Funds
 Last Ten Fiscal Years
(modified accrual basis of accounting)
 Unaudited

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Local Source (Tax Levy)	\$ 486,153	\$ 450,103	\$ 458,152	\$ 483,831	\$ 488,871	\$ 509,306	\$ 508,423	\$ 502,035	\$ 611,191	\$ 510,998
Interest Earnings	-	78,344	37,110	7,386	4,114	11,635	9,217	35,853	1,915	17,188
Intermediate Sources / Miscellaneous	-	5,213,547	5,125,270	5,085,956	5,009,090	4,920,555	5,155,297	5,062,425	5,009,048	5,052,588
State Sources	419,487	512,670	379,509	376,575	613,642	536,780	346,221	365,610	376,230	355,716
Federal Sources	-	-	-	-	-	-	-	-	-	-
Total Revenues	<u>6,372,506</u>	<u>6,254,664</u>	<u>6,000,041</u>	<u>5,953,748</u>	<u>6,115,717</u>	<u>5,978,276</u>	<u>6,019,158</u>	<u>5,965,923</u>	<u>5,998,384</u>	<u>5,936,490</u>
Expenditures:										
Instruction	2,454,536	2,586,474	2,718,978	2,598,694	2,515,708	2,490,548	2,579,848	2,488,208	2,314,867	2,630,003
Administration	2,347,771	-	-	-	-	-	-	-	-	-
Support Services	1,094,246	2,904,893	2,790,454	2,606,585	3,218,072	3,434,201	2,970,639	3,025,331	3,257,535	3,162,068
Capital Outlay	112,986	180,348	2,495	5,196	3,811	42,900	388,104	834,195	126,793	20,846
Debt Outlay	-	534,729	534,729	534,729	-	-	-	-	-	-
Total Expenditures	<u>6,009,539</u>	<u>6,206,444</u>	<u>6,046,656</u>	<u>5,745,204</u>	<u>5,737,591</u>	<u>5,967,649</u>	<u>5,938,591</u>	<u>6,347,734</u>	<u>5,699,195</u>	<u>5,812,917</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	362,967	48,220	(46,615)	208,544	378,126	10,627	80,567	(381,811)	299,189	123,573
Other Financing Uses:										
State Repayment / Proceeds from Borrowing	-	-	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-	-
Total Other Financing Uses	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balance	<u>\$ 362,967</u>	<u>\$ 48,220</u>	<u>\$ (46,615)</u>	<u>\$ 208,544</u>	<u>\$ 378,126</u>	<u>\$ 10,627</u>	<u>\$ 80,567</u>	<u>\$ (381,811)</u>	<u>\$ 299,189</u>	<u>\$ 123,573</u>

Source: Annual Comprehensive Financial Report

THE VILLAGE CHARTER SCHOOL
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years
(modified accrual basis of accounting)
 Unaudited

Fiscal Year Ending June 30,	Donations	Interest	Miscellaneous Revenue	Total
2021	\$ -	\$ 3,787	\$ 15,716	\$ 19,503
2020	-	3,454	74,890	78,344
2019	-	3,840	33,270	37,110
2018	-	3,785	3,600	7,385
2017	-	3,282	832	4,114
2016	-	2,531	9,104	11,635
2015	-	5,183	4,034	9,217
2014	-	717	35,136	35,853
2013	-	1,022	893	1,915
2012	-	622	16,566	17,188

Source: Charter School records

OPERATING INFORMATION

THE VILLAGE CHARTER SCHOOL
 Full-Time Equivalent Charter School Employees by Function
 Last Ten Fiscal Years

Function	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Instruction	31.0	30.0	30.0	30.0	30.0	30.0	28.0	28.0	29.0	31.0
Regular	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	4.5
Special Education	-	-	-	-	-	-	-	-	-	-
Other Special Education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other Instruction	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Non-Public School Programs	-	-	-	-	-	-	-	-	-	-
Adult/Continuing Education Program	-	-	-	-	-	-	-	-	-	-
Support Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Student & Instruction Related Services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.5
General Administration	3.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
School Administrative Services	-	-	-	-	-	-	-	-	-	-
Other Administrative Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Central Services	-	-	-	-	-	-	-	-	-	-
Administrative Information Technology	-	-	-	-	-	-	-	-	-	-
Plant Operation and Maintenance	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Pupil Transportation	-	-	-	-	-	-	-	-	-	-
Other Support Services	-	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.5
Food Service	-	-	-	-	-	1.0	3.0	3.0	3.0	3.0
Total	51	51	51	52	52	53	53	53	54	55.5

Source: Charter School's Records

THE VILLAGE CHARTER SCHOOL
 Operating Statistics
 Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil / Teacher Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	Percent Change in Average Daily Enrollment	Student Attendance Percentage
2021	360	\$ 4,408,736	\$ 12,246	-14.97%	35	10	359.6	351.0	-0.11%	97.61%
2020	358	5,156,084	14,402	-6.41%	34	11	360.0	350.0	0.00%	97.22%
2019	358	5,509,432	15,389	1.64%	34	11	360.0	349.7	1.04%	97.14%
2018	356	5,390,251	15,141	4.09%	33	10	356.3	329.2	-0.11%	92.39%
2017	356	5,178,231	14,546	-5.34%	33	10	356.7	336.6	-0.53%	94.37%
2016	356	5,470,094	15,365	-2.24%	33	10	358.6	337	-3.86%	93.98%
2015	355	5,579,870	15,718	2.34%	33	10	373.0	337.09	3.81%	90.37%
2014	359	5,513,539	15,358	-1.59%	34	10	359.3	336.05	1.01%	93.53%
2013	358	5,586,982	15,606	2.35%	35	10	355.7	339.5	-0.61%	95.45%
2012	358	5,458,461	15,247	6.32%	35	10	357.9	337.8	0.06%	94.38%

THE VILLAGE CHARTER SCHOOL
 School Building Information
 Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Charter School Building										
<u>Elementary School</u>										
The Village Charter School										
Square Feet	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500
Capacity (students)	400	135	135	135	135	135	135	135	135	135
Enrollment	360	130	130	126	126	117	125	126	129	126

Number of Schools at June 30, 2021
 Elementary School = 1
 Middle School = 0
 High School = 0

Source: Charter School Facilities Office

THE VILLAGE CHARTER SCHOOL

Insurance Schedule

June 30, 2021

Company	Coverage	Deductible
School Package Policy		
Commercial Property	\$ 10,343,000	\$ 10,000
Boiler and Machinery	100,000,000	10,000
Automobile	16,000,000	5,000
School Board Legal Liability	16,000,000	5,000
Worker's Compensation	2,990,000	
Surety Bonds	165,000	
Student Accident	5,000,000	1,000
W/cat	1,000,000	
EDP	800,000	

The Village Charter School
 New Jersey Performance Framework Financial Ratios
Charter School Performance Framework Financial Indicators
 Audited Performance Indicators
 Fiscal Ratios
 Last Three Fiscal Years

	2019 Audit	2020 Audit	2021 Audit	Source
Cash	\$ 1,988,188	\$ 2,029,094	\$ 2,602,426	Audit: Exhibit A-1
Current Assets (include cash)	2,373,546	2,465,025	2,736,626	Audit: Exhibit A-1
Current Liabilities	525,716	768,119	369,504	Audit: Exhibit A-1
Total Expenses	6,513,825	5,746,422	5,683,011	Audit: Exhibit A-2
Change in Net Position	76,763	529,981	657,610	Audit: Exhibit A-2
Final Average Daily Enrollment (exclude PK)*	360.0	360.0	360.0	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)	360	360	360	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/note/bond payable:</i>				
Depreciation Expense	247,982	233,268	198,188	Auditor/Workpapers
Interest Expense	-	118,158	106,101	Auditor/Workpapers
Principal Payments - Normal	394,437	416,571	\$392,628	Auditor/Workpapers
Interest Payments	-	-	-	Auditor/Workpapers

Performance Indicators		3 YR CUM			Target****
Near Term Indicators		2019	2020	2021	Calculation*****
1a.	Current Ratio (working capital ratio)	4.5	3.2	7.4	Current Assets/Current Liabilities > 1.1 or between 1.0-1.1 with positive trend
1b.	Unrestricted days cash on hand	110	129	167	Cash/(Total Expenses/365) 60 days or 30-60 days with positive trend
1c.	Enrollment Variance	100%	100%	100%	Average Daily Enrollment/Budgeted Enrollment >95% or >95% for 3 yr cum not in default
1d.**	Default on loans or delinquent in debt payments	NO	NO	NO	Auditor
Sustainability Indicators					
2a****	3 Year Cumulative Cash Flow	(179,378)	60,906	573,332	Net change in cash flow from prior years 3 yr cum positive with most recent year positive
2b	Debt Service Coverage Ratio	0.82	2.12	2.45	N/A or (Change in Net Position + depreciation + interest expense) / (principal + interest payments) >1.10

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

SINGLE AUDIT SECTION

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K-1
Page 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
GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
The Village Charter School

Trenton, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and each major fund of The Village Charter School (Charter School), in the county or Mercer , State of New Jersey, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements and have issued our report thereon dated February 25, 2022, which contains an emphasis of matter paragraph describing the adoption of a new accounting principle, consistency of financial statements, and prior adjustment.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination

of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying *Schedule of Findings and Questioned Costs*, as #2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

The Village Charter School's response to the findings identified in our audit is described in the accompanying schedule of Findings and Questioned. The Charter School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion

Purpose of this Report

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

awarding agencies and pass-through entities, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants



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

Union, New Jersey
February 25, 2022

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K-2
Page 1

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR STATE PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE AND
NEW JERSEY CIRCULAR 15-08 OMB**

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

Report on Compliance for Each Major State Program

We have audited the The Village Charter School’s (Charter School) compliance with the types of compliance requirements described in the New Jersey Circular 15-08-OMB *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2021. The Charter School’s major state programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter School’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey Circular 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, Uniform

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

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

Opinion on Each Major State Program

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

Report on Internal Control over Compliance

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

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


in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

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


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


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

Union, New Jersey
February 25, 2022

THE VILLAGE CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021

Federal Assistance Listing Number	Federal Assistance Identification	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2020	Carryover/(Wakover) Amount	Cash Received	Budgetary Expenditures	Payments Through To Subrecipients	Adjustments	Repayment Of Prior Years' Balances	Balance at June 30, 2021	
													Accounts Receivable	Due to Grantor
U.S. Department of Education														
Passed-through State Department of Education														
Special Revenue Fund:														
84-010A	NA	S0010A210030	NCLB - 21	\$ 257,056	7/1/20	6/30/21	\$ -	\$ 209,042	\$ (257,056)	\$ -	\$ -	\$ -	\$ -	\$ -
84-010A	NA	S0010A200030	NCLB - 20	-	7/1/19	6/30/20	(81,633)	290,675	(257,056)	-	-	-	-	(48,014)
Total NA Child Left Behind														
Special Education Cluster (IDEA):														
84-027A	84-027A	H027A210031	IDEA - 21	84,255	7/1/20	6/30/21	(44,219)	58,735	(84,255)	-	-	-	(25,520)	-
84-027A	84-027A	H027A200031	IDEA - 20	945	9/1/20	8/31/21	(881)	444	(945)	-	-	-	-	-
84-173	NA	H027A210031	IDEA - 21	-	9/1/19	8/31/20	(881)	945	(845)	-	-	-	-	-
84-173	NA	H027A200031	IDEA - 20	-	9/1/19	8/31/20	(46,200)	104,880	(86,200)	-	-	-	(25,520)	-
Total Special Education Cluster (IDEA)														
Other Special Revenue Funds:														
84-425	COVID-19, 84-425D		N/A	9,123	7/1/20	6/30/21	(167,003)	167,003	(9,123)	-	-	-	-	-
84-425	COVID-19, 84-425D		N/A	-	7/1/19	6/30/20	(8,911)	8,911	(8,911)	-	-	-	-	-
XX-XXX	FEMA Public Assistance Program- Covid 19		4488-145735	8,911	9/1/20	8/31/21	(167,003)	165,037	(16,054)	-	-	-	-	-
Total Department of Education														
Department of Treasury														
21-019	COVID-19		N/A	46,473	9/1/20	8/31/21	(238,836)	560,592	(390,290)	-	-	-	(73,534)	-
Total Department of Treasury														
Total Special Revenue Fund														
								627,065	(406,763)				(73,534)	
U.S. Department of Agriculture														
Passed-through State Department of Agriculture														
Enterprise Fund:														
10-550	COVID-19	211N304N1099	N/A	42,251	7/1/20	6/30/21	(220)	50,549	(42,251)	-	-	-	-	7,998
10-553	COVID-19	201N304N1099	N/A	-	7/1/19	6/30/20	(220)	220	-	-	-	-	-	-
10-553	COVID-19	211N304N1099	N/A	87,992	7/1/20	6/30/21	(340)	100,951	(87,992)	-	-	-	-	12,959
10-555	COVID-19	201N304N1099	N/A	-	7/1/19	6/30/20	(570)	491,770	(130,243)	-	-	-	-	-
Total Child Nutrition Cluster														
								151,770	(130,243)					20,957
Total Federal Financial Awards														
								732,362	(490,533)				(73,534)	\$ 20,957

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

THE VILLAGE CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2021

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2020		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balance	Balance at June 30, 2021		MEMO
			From	To	Unearned Revenue (Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Unearned Revenue/ Interfund Payable	
State Department of Education													
General-Public													
Special Aid-Public													
Equalization Aid- State Share	21-495-034-5120-078	\$ 3,698,087	7/1/20	6/30/21			\$ -	\$ 3,698,087	\$ (3,698,087)	\$ -	\$ (28,474)	\$ -	\$ 3,698,087
Equalization Aid	20-495-034-5120-071	-	7/1/19	6/30/20			(11,191)	11,191	(108,302)	-	-	-	108,302
Special Education Categorical Aid	21-495-034-5120-069	108,302	7/1/20	6/30/21			-	108,302	(108,302)	-	-	-	184,559
Special Education Aid	20-495-034-5120-089	-	7/1/19	6/30/20			-	184,559	(184,559)	-	-	-	365,829
Security Aid	21-495-034-5120-084	184,559	7/1/20	6/30/21			-	365,829	(365,829)	-	-	-	4,336,777
Security Aid	20-495-034-5120-084	-	7/1/19	6/30/20			-	4,336,777	(4,336,777)	-	-	-	41,027
Adjustment Aid	21-495-034-5120-085	365,829	7/1/20	6/30/21			(11,191)	-	-	-	-	-	190,985
Adjustment Aid	20-495-034-5120-085	-	7/1/19	6/30/20			-	190,985	(182,074)	-	-	-	8,744
Total State Aid-Public								199,729	(182,074)	-	(28,474)	-	182,074
Nonpublic School Transportation Costs	21-100-034-5120-068	41,027	7/1/20	6/30/21			-	5,426,211	(5,426,839)	-	-	-	8,911
Nonpublic School Transportation Costs	20-100-034-5120-068	-	7/1/19	6/30/20			-	-	-	-	-	-	182,074
Reimbursed TPAF - Social Security	21-495-034-5094-003	182,074	7/1/20	6/30/21			(8,744)	-	-	-	-	-	182,074
Reimbursed TPAF - Social Security	20-495-034-5094-003	-	7/1/19	6/30/20			(8,744)	-	-	-	-	-	182,074
Total Reimbursed TPAF-Social Security Cluster													5,425,639
Total General Fund													1,422
State Department of Agriculture													
Enterprise Fund													
Enterprise Fund	21-100-010-3350-023	1,422	7/1/20	6/30/21			(6)	1,422	(1,422)	-	-	-	1,422
National School Lunch Program (State Share)	20-100-010-3350-023	1,915	7/1/19	6/30/20			(6)	-	-	-	-	-	1,422
National School Lunch Program (State Share)													
Total Enterprise Fund													5,427,261
Total State Financial Assistance Subject to Major Program Determination for State Single Audit													5,427,261
State Financial Assistance Not Subject to Major Program Determination:													
General Fund (Non-Cash Assistance)													
TPAF Post-Retirement Medical Contributions	21-495-034-5094-001	211,441	7/1/20	6/30/21			-	211,441	(211,441)	-	-	-	211,441
On-Behalf TPAF Pension Contributions	21-495-034-5094-002	674,702	7/1/20	6/30/21			-	674,702	(674,702)	-	-	-	674,702
TPAF Long Term Disability Insurance Premium	21-495-034-5094-004	845	7/1/20	6/30/21			-	845	(845)	-	-	-	845
Total General Funds (Non-Cash Assistance)													886,988
Total State Financial Assistance													4,540,273

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

THE VILLAGE CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Federal Awards and State Financial Assistance
June 30, 2021

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

THE VILLAGE CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2021

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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

	Federal	State	Total
General Fund	\$ 12,724	\$ 5,466,866	\$ 5,479,590
Special Revenue Fund	406,763		406,763
Food Service Fund	139,148	2,050	141,198
Total Awards & Financial Assistance	<u>\$ 558,635</u>	<u>\$ 5,468,916</u>	<u>\$ 6,027,551</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Post-Retirement Medical, Pension and Non-Contributory Insurance Premium Contributions represent the amount paid by the state on behalf of the Charter School for the year ended June 30, 2021. These amounts are published by the State Division of Pensions annually, and the NJDOE has advised that these In-Kind programs are not to be subject to the state single audit mandate, and no audit procedures are required to be applied to these amounts. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2021, and are subject to the state single audit mandate.

THE VILLAGE CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2021

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

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

NOTE 7. SCHOOLWIDE PROGRAM FUNDS

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

NOTE 8. MAJOR PROGRAMS

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

THE VILLAGE CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended **June 30, 2021**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued on financial statements Unmodified

Internal control over financial reporting:

 1) Material weakness(es) identified? Yes No

 2) Significant deficiencies identified that are not considered
 to be material weaknesses? Yes None
Reported

Noncompliance material to basic financial statements
noted? Yes No

Federal Awards

N/A

State Awards

Dollar threshold used to distinguish between Type A and
Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Internal control over major programs:

 1) Material weakness(es) identified? Yes No

 2) Significant deficiencies identified that are not considered to
 be material weaknesses? Yes None
Reported

Type of auditors’ report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in
accordance with NJ Circular Letter 15-08-OMB, as applicable? Yes No

Identification of major state programs:

GMIS Number(s)	Name of State Program
	State Aid Cluster:
21-495-034-5120-078	Equalization Aid
21-495-034-5120-089	Special Education Categorical Aid
21-495-034-5120-084	Security Aid
21-495-034-5120-085	Adjustment Aid

THE VILLAGE CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended **June 30, 2021**

Section II –Schedule of Financial Statement Findings

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

Item #2021-001 – Proper Review of Meal Claims Is Not Maintained

Criteria: The entity selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels. To accomplish this in part, the school keeps records of all meals served in order to properly verify meal claim statements received by their food service provider on a monthly basis.

Context:

Condition: Records of meals served were not being maintained causing an overstatement of meal claims for three months consecutively.

Cause: Per the SNEARS report, meal claims received from food service provider were approved and submitted by the Business Administrator. Food Service provider discovered this error and notified school.

Effect: Improper review of meal claims by the Business Administrator can lead to errors that can go undetected.

Recommendations: School should properly keep a log of meals served in order to accurately verify reports received from the food service provider when certifying and submitting it to the Dept. of agriculture for reimbursement.

Views of the responsible officials and planned corrective actions: Management agrees with the finding and will implement better internal controls in this area as described in the recommendation.

THE VILLAGE CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended **June 30, 2021**

***Part III – Schedule of Federal and State Award
Findings and Questioned Costs As Prepared By Management***

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

CURRENT YEAR FEDERAL AWARDS

No Current Year Findings

CURRENT YEAR STATE AWARDS

No Current Year Findings

THE VILLAGE CHARTER SCHOOL
Summary Schedule of Prior Year Audit Findings and Questioned Costs
as prepared by Management
For the Fiscal Year Ended **June 30, 2021**

STATUS OF PRIOR-YEAR FINDINGS

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

No Prior Year Findings