

# MARION P. THOMAS CHARTER SCHOOLS



*"It takes a whole village to raise a child"*

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

**JUNE 30, 2022**

PREPARED BY  
MARION P. THOMAS CHARTER SCHOOLS  
NEWARK, NEW JERSEY

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

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*"It Takes A Whole Village To Raise A Child"*

March 15, 2023

Ms. Angelica Allen-McMillan, Ed. D.  
Acting Commissioner  
New Jersey Department of Education  
100 Riverview Executive Plaza  
CN – 500  
Trenton, New Jersey 08625-0500

Dear Ms. Allen-McMillan:

We hereby submit the Annual Comprehensive Financial Report of the Marion P. Thomas Charter Schools (the "Charter School") for the fiscal year ended June 30, 2022. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Charter School. 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 fairly present the financial position and result of operations of the various funds and account groups 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: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Charter School's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The Charter School is required to undergo an annual single audit in conformity with the provisions of the 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 OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* Information related to this single audit, including the auditor's report on internal control and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES**

The Marion P. Thomas Charter Schools (the “Charter School”) is an independent reporting entity within the criteria adopted by the Government Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the Charter School are included in this report.

The Charter School provides a full range of educational services appropriate to grade levels Pre-K through 12. This includes regular student enrollment. We will accept special education and handicapped children by law if application is made to Charter School as required by law. The Charter School completed the fiscal year 2021-2022 with an average daily enrollment of 1,342 students, which is 108 students below the previous year’s enrollment. The table below outlines the changes in student enrollment over the last 11 years.

**Student Enrollment**

<b><u>Fiscal Year</u></b>	<b><u>Average Daily Enrollment</u></b>	<b><u>Percent Change</u></b>
2021-2022	1,342	-7.1%
2020-2021	1,450	-4.1%
2019-2020	1,514	-2.9%
2018-2019	1,553	14.6%
2017-2018	1,359	2.1%
2016-2017	1,331	1.2%
2015-2016	1,315	1.9%
2014-2015	1290	72.5%
2013-2014	748	7.8%
2012-2013	694	1.3%

**2) ECONOMIC CONDITION AND OUTLOOK**

The Charter School is located in the City of Newark (the “City” or “Newark”), which is the largest city in the state. The City serves as the county seat for Essex County, with County, State, Federal Courts and governmental offices attracting a large number of law firms to the central business district.

Newark is a transportation center serviced by Interstate Highway system, NJ Transit, Amtrak Rail Links, and Newark International Airport, as well as container and cargo facilities at Port Newark-Elizabeth.

It is the insurance, finance and banking capital of the State. Headquartered in Newark are a number of large financial institutions including the Prudential Insurance Company, and Blue Cross Blue Shield of New Jersey, as well as the State’s largest public utility, Public Service Electric and Gas Company.

**2) ECONOMIC CONDITION AND OUTLOOK - CONTINUED**

Newark is the site of the New Jersey Institute of Technology, the Newark campus of Rutgers University, Seton Hall Law School and Essex County College. Covering over 320 acres, these colleges serve a population of 45,000 students and faculty.

Like other urban areas, Newark has experienced a decline in its manufacturing base. This phenomenon has caused significant unemployment and underemployment amongst its indigenous working class population. Although Newark has experienced growth in its service sector, this has not had a substantial impact on the City's employment rate.

The City of Newark is obliged to perform a revaluation of property holdings. Among the concerns voiced in conjunction with this change is the potential effect of any redistribution of property tax burden on economic activity and on the ability of local government to maintain and improve services including its tax contribution for public school purposes.

The City has experienced a surge of large-scale economic development projects initiated by the private sector over the last decade. The increasing number of businesses relocating to the area is expected to result in an increase in employment level, which could result in an increased tax base, both residential and industrial, and a potential increase in annual daily enrollment over time. The period of economic development and expansion is expected to continue which suggests that the Charter School will continue to prosper.

**3) MAJOR INITIATIVES**

In 2021-2022, Marion P. Thomas Charter School (MPTCS) carried out the following major initiatives:

**A. Implement new Tier I SEL Curriculum and School Wide Supports**

- Research and adopt Tier I SEL curriculum(s) for PK-12 students
- Train 100% of staff on implementation of curriculum
- Build a robust scope and sequence for curriculum implementation
- Build out additional lessons to ensure daily SEL instruction
- Build out lessons to integrate identity development into Tier I curriculum
- Revise School Culture plan to ensure Tier I supports are intentionally designed and implemented
- Align network and school based PD to provide time for ongoing development



**3) MAJOR INITIATIVES - CONTINUED**

**B. Implement Tier I academic curriculum with fidelity and activate built in structures to assess and respond to the individual needs of students.**

- Continue tier I curriculum implementation in PK-12, including new HS science curriculum (minor build)
- Develop Independent learning time block for grades 3-8 and reteach for K-3
- Develop intervention period for high school students for ELA and Math
- Leverage exit tickets and in the moment data collection to adjust instructional decisions based on student performance
- Align SPED services with programming to ensure students receive support
- Provide teachers PD on developing multiple entry points to lessons

**C. Develop Principals as instructional leaders:**

- Principals will outline weekly touchpoints they have with their leaders (classroom visits, data meetings, one-on-one check-ins with their teachers and one-on-one with principal)
- Principal calendars are updated weekly
- Principals are meeting with ILs individually, giving feedback with action steps % of time in calendar reflects coaching/development of VPI and VPC
- Clearly stamp the why/purpose around seeing the Principal as the Instructional Leader
- Empower principals to take risks by challenging the status quo while coming up with solutions
- Implement the Four Quadrant protocol when working through situations/scenarios
- Co-Observe and discuss instructional strategies observed
- Principal sharing out best practices during PLI
- Develops strategic perspective - Anticipates, analyzes and solves issues
- Provide Principals on-going PD on developing multiple entry points as a leader
- Ensure the Instructional Programs are executed with fidelity
- Understand and execute the VP ARC of the year
- Develop and maintain a cadence of check-in observations
- Principal, IL and Director meet - (Principal has high level view of all contents)

**4) INTERNAL ACCOUNTING CONTROLS**

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

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

**5) BUDGETARY CONTROLS**

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year end are either canceled or are included as re-appropriations of fund balance in the subsequent year. There was no reservation of fund balance made on June 30, 2022.

**6) ACCOUNTING SYSTEM AND REPORT**

The Charter School's accounting records reflect generally accepted accounting principles (GAAP), 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 and account groups are explained in "Notes to the Financial Statements", Note 1.

**7) FINANCIAL STATEMENT INFORMATION AT FISCAL YEAR-END**

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 schedule presents a summary of the General Fund and Special Revenue Fund revenues and expenditures for the fiscal years ended June 30, 2022 and 2021, and the amount of increases or decreases in relation to prior year's revenues and expenditures:

<u>Revenues</u>	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>
Local sources	\$ 7,065,483	\$ 3,113,740	\$ 3,951,743
State sources	28,588,268	27,673,948	914,320
Federal sources	3,740,126	2,313,079	1,427,047
	<u>\$ 39,393,877</u>	<u>\$ 33,100,767</u>	<u>\$ 6,293,110</u>
<u>Expenditures</u>			
Instruction	\$ 10,710,190	\$ 12,299,976	\$ (1,589,786)
Administrative	8,413,599	8,947,608	(534,009)
Support	8,884,637	5,710,198	3,174,439
Capital Outlay	154,926	68,623	86,303
TPAF Social Security	331,756	628,935	(297,179)
TPAF on-behalf payments	3,944,343	2,926,401	1,017,942
Transfer-out - Food Service	-	300,000	(300,000)
	<u>\$ 32,439,451</u>	<u>\$ 30,881,741</u>	<u>\$ 1,557,710</u>

**8) CASH MANAGEMENT**

The investment policy of the Charter School is guided in large part by State Statute as detailed in "Notes to the Financial Statements", Notes 1 and 3. The Charter School has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act ("GUDPA").

GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposits with a failed banking institution in New Jersey. It requires governmental units to deposit public funds in public depositories located in New Jersey, where the funds are secured in accordance with the GUDPA.

The Board 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, fidelity bonds and worker's compensation (see J-20).

**9) OTHER INFORMATION**

**Independent Audit**


State statute requires an annual audit by independent certified public accountants or registered municipal accountants. The Charter School appointed the accounting firm of Galleros Robinson CPAs, LLP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the related New Jersey OMB Circular Letter 15-08.

The auditor's report on the basic financial statements, combining and individual fund statements, and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**10) ACKNOWLEDGMENTS**

We would like to express our appreciation to the members of the Marion P. Thomas Charter Schools Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Newark Public School District 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 financial, accounting, and administrative staff.

Respectfully submitted,

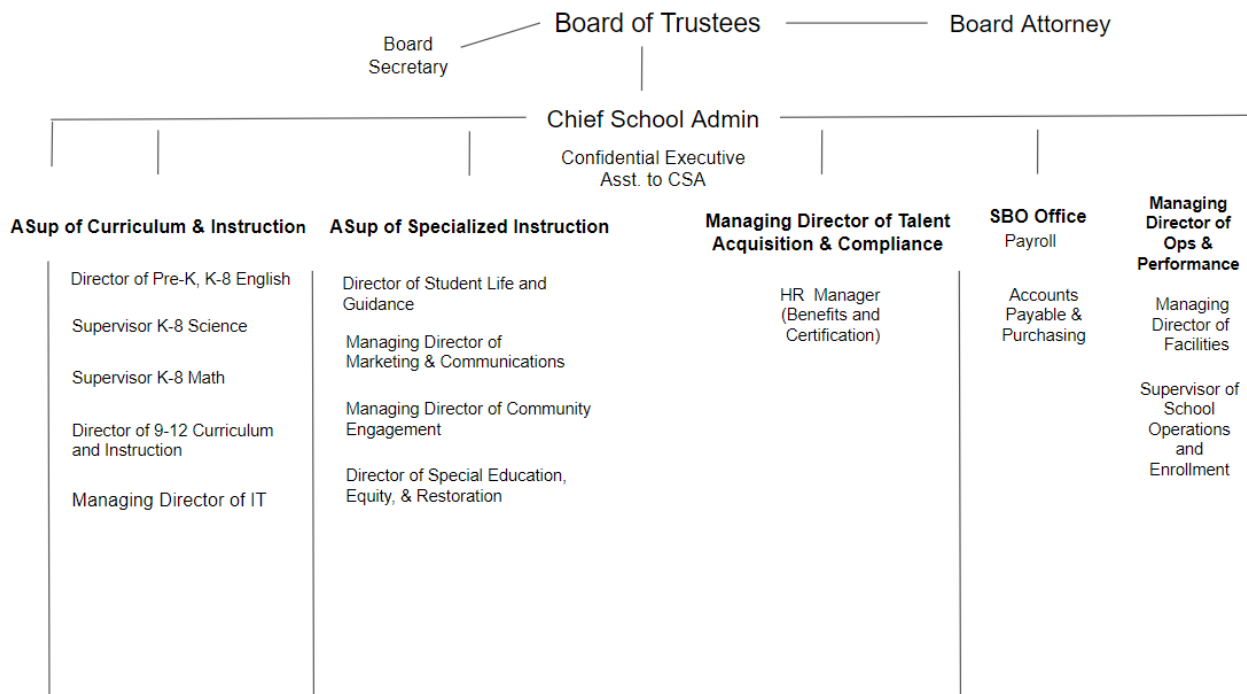


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Kristina Edgar  
School Business Administrator

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**ORGANIZATIONAL CHART**



**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**ROSTER OF OFFICIALS**

**Members of Board of Trustees**

**JUNE 30, 2022**

Pastor Vincent Rouse	Chair, Voting
Dashay Carter	Vice Chair, Voting
Jasonn Denard	Member, Voting
Briana Gilchrist	Member, Voting
Dr. Princess Towe	Member, Voting
Julio Valdievieso	Member, Voting
Alan Boomer	Member, Voting
LaSonya Nevius	Member, Voting
Angela Mincy	Superintendent/ Chief School Administrator Member, Non-Voting
Kristina Edgar beginning January 25, 2022	School Business Administrator Member, Non-Voting
Elijah Griffiths	Board Secretary, Non-Voting

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**CONSULTANTS AND ADVISORS**

**Independent Auditor**

Galleros Robinson CPAs, LLP  
115 Davis Station Rd  
Cream Ridge, NJ 08514

**Attorneys**

Jalloh & Jalloh LLC  
21 W. Blancke Street, Suite 2  
Linden, NJ 07036

Johnston Law Firm LLC  
151 Forest Street, Suite A  
Montclair, NJ 07042

**Official Depositories**

Industrial Bank  
(successor of City National Bank)  
900 Broad Street  
Newark, New Jersey 07102

TD Bank  
356 Springfield Avenue  
Newark, NJ 07103

**Official Newspaper**

The Star Ledger

# **FINANCIAL SECTION**





## INDEPENDENT AUDITOR'S REPORT

The Honorable President and  
Members of the Board of Trustees  
Marion P. Thomas Charter Schools  
Essex County, New Jersey

### Report on the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Marion P. Thomas Charter School (the Charter School), in the County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 2022 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Marion P. Thomas Charter School in the County of Essex, State of New Jersey as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Charter School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Change in Accounting Principle*

As discussed in Note 2 to the financial statements during the fiscal year ended June 30, 2022, the Charter School adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

## **INDEPENDENT AUDITOR'S REPORT - CONTINUED**

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Charter School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, the *Government Auditing Standards* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, the *Government Auditing Standards* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Charter School's ability to continue as a going concern for a reasonable period of time.

## **INDEPENDENT AUDITOR'S REPORT - CONTINUED**

### ***Auditor's Responsibilities for the Audit of the Financial Statements - continued***

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the information listed under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Charter School's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance (Schedules) are also presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Letter Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole 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 combining and individual nonmajor fund financial statements, and Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## INDEPENDENT AUDITOR'S REPORT - CONTINUED

### Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2023 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of 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 Charter School's internal control over financial reporting and compliance.



Leonora Galleros, CPA  
Public School Accountant  
PSA No. 20CS00239400



Galleros Robinson CPAs, LLP  
Certified Public Accountants

March 15, 2023  
Cream Ridge, New Jersey

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART I**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# MARION P. THOMAS CHARTER SCHOOLS (COUNTY OF ESSEX, NEW JERSEY)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) provides an analysis of the Charter School's overall financial position and results of operations.

### Introduction

This section of the Marion P. Thomas Charter Schools' (the "Charter School") annual financial report presents our discussion and analysis of the Charter School's financial performance and provides an overview of the Charter School's financial activities for the fiscal year ended June 30, 2020. It should be read in conjunction with the transmittal letter at the front of this report and the Charter School's financial statements, which follow this section.

The Management's Discussion and Analysis (MD&A) is an element of the reporting Model adopted by the Governmental Accounting Standards Board (GASB).

### Financial Highlights

Key financial highlights for the fiscal year 2022 are as follows:

- In total, the net position increased from the \$(5.40) million restated beginning net position (includes \$0.69 million prior period adjustment due to adoption of GASB 87, *Leases*) to \$2.33 million.
- The net position of governmental activities increased by \$6.74 million and the net position of business-type activities, which represent food service and after care operations, increased by \$0.39 million in 2022. The increase in net position includes a net decrease in governmental activities of \$0.72 million and increase in business activities of \$0.03 million as a prior period adjustment at July 1, 2021 as a result of the adoption of GASB 87, *Leases*.
- General revenues accounted for \$30.98 million in revenue or 72% of total revenues amounting to \$43.12 million. Program specific revenues, in the form of charges for services, grants, and contributions accounted for \$12.13 million or 28% of total revenues.
- The Charter School had \$33.62 million in expenses related to governmental activities; \$10.09 million of these expenses were offset by operating grants and contributions. General revenues (primarily Local, Federal and State Aid) of \$30.98 million were adequate to provide for the balance of these programs. The General Fund reported fund balances at June 30, 2022, of \$13.83 million which are all unassigned.

### Basic Financial Statements

This annual report consists of a series of basic financial statements, required supplementary information, other supplementary information and notes to those statements and information. The report is organized so the reader can understand the Marion P. Thomas Charter Schools as a financial whole, or as an entire operating entity. The first two basic financial statements, the statement of net position and the statement of activities, are governmental-wide financial statements and provide overall information about the activities of the entire Charter School, presenting both an aggregate view of the Charter School's finances and a long-term view of those finances.

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED**

**Fund Financial Statements**

The remaining basic financial statements are fund financial statements that focus on the individual parts of the government reporting, the Charter School's operation in more detail than the government-wide statements. The fund financial statements also look at the Charter School's most significant funds with all other non-major funds presented in total in a single column. For the Marion P. Thomas Charter Schools, the General Fund is the most significant fund.

The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.

Proprietary fund statements offer short and long-term financial information about the activities; the government operates like a business, such as food service.

Fiduciary fund statements provide information about financial relationship in which the Charter School acts solely as a trustee or agent for the benefits of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of Required Supplementary Information that further explains and supports the information in the financial statements.

**Reporting the Charter School as a Whole**

**Statement of Net Position and Statement of Activities**

While this report contains the 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 asks the question, “how did we do financially during fiscal year 2022?” The Statement of Net Position and the Statement of Activities answer this question.

These statements include all of the Charter School's assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. These bases of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid. These two statements report the Charter School's net position and changes in those assets. This change in net position is important because it identifies whether the financial position of the Charter School has improved or diminished for the Charter School as a whole. This change is the result of many factors some financial, some not. Financial factors represent increases in federal and state funding that resulted from the increase in enrollment noted for the fiscal year ended June 30, 2022. These factors are presented in our discussions on the Charter School as a whole. Non-financial factors include the property tax base of the School District where the Charter School is located, current educational funding laws in New Jersey, facilities conditions, required educational programs, and other factors. In the Statements of Net Position and the Statements of Activities, the Charter School is divided into two distinct kinds of activities:

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

**Statement of Net Position and Statement of Activities - continued**

**Governmental Activities** – Most of the Charter School's programs and services are reported here including instructional, extracurricular activities, curriculum, staff development, special education and other support services, operation and maintenance of plant, pupil transportation, health services and general administration.

**Business-Type Activities** – Services are provided on a charge for goods or services or reimbursement basis to recover the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

**Reporting the School Charter School's Most Significant Funds**

**Fund Financial Statements**

Fund financial reports provide detailed information about the Charter School's major funds, not the Charter School as a whole. Funds are accounting devices that the Charter School uses to keep track of a multitude of financial transactions. The Charter School's only major governmental fund is the General Fund.

**Governmental Funds**

Most of the Charter School's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statement provides a detailed short-term view of the Charter School's general government operations and the basic services it provides.

Governmental fund information helps determine whether there are sufficient financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the Statement of Net Position and the Statement of Activities and the governmental funds are reconciled in the financial statements.

**Enterprise Fund**

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



**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED**

**The Charter School as a Whole**

The perspective of the Statement of Net Position is of the Charter School as a whole. The table below provides a summary of the Charter School’s net position at June 30, 2022.

The total net position of the Charter School increased by \$7.13 million during the current fiscal year. The increase in net assets for the year ended June 30, 2022, is net of the decrease of \$0.68 million as prior period adjustment at July 1, 2021, due to the adoption of GASB 87, *Leases*.

	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Current Assets	\$ 15,319,721	\$ 221,618	\$ 15,541,339
Capital Assets, net	293,402	-	293,402
Right-of-use Assets, net	13,389,983	-	13,389,983
Total Assets	<u>29,003,106</u>	<u>221,618</u>	<u>29,224,724</u>
<b>Deferred Outflow of of Resources</b>	<u>2,291,597</u>	-	<u>2,291,597</u>
<b>Liabilities</b>			
Current Liabilities	438,055	(258,553)	179,502
Noncurrent Liabilities	20,628,984	-	20,628,984
Total Liabilities	<u>21,067,039</u>	<u>(258,553)</u>	<u>20,808,486</u>
<b>Deferred Inflow of of Resources</b>	<u>8,381,739</u>	-	<u>8,381,739</u>
<b>Net Position</b>			
Invested in Capital Assets (net of related debt)	293,402	-	293,402
Invested in Right-of-use Assets (net of related debt)	(896,215)	-	(896,215)
Unrestricted	2,448,738	480,171	2,928,909
Total Net Position	<u>\$ 1,845,925</u>	<u>\$ 480,171</u>	<u>\$ 2,326,096</u>

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

**The Charter School as a Whole – continued**

In 2022, total revenues increased by \$5.98 million about 16% compared to total revenues in 2021. Total expenses decreased by \$0.27 million, about 0.77% compared to expenses in 2021..

	Governmental		Business Type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues:						
Charge for Services	\$ 38,985	\$ 24,957	\$ 85,285	\$ 45	\$ 124,270	\$ 25,002
Operating grants and Contributions	<u>10,055,412</u>	<u>9,870,657</u>	<u>1,951,300</u>	<u>754,946</u>	<u>12,006,712</u>	<u>10,625,603</u>
Total Program Revenues	<u>10,094,397</u>	<u>9,895,614</u>	<u>2,036,585</u>	<u>754,991</u>	<u>12,130,982</u>	<u>10,650,605</u>
General Revenues:						
Local Aid	2,656,606	3,020,789	-	-	2,656,606	3,020,789
Federal and State Aid	23,126,505	23,409,543	-	-	23,126,505	23,409,543
Miscellaneous and transfers	<u>5,201,656</u>	<u>(246,070)</u>	<u>-</u>	<u>300,000</u>	<u>5,201,656</u>	<u>53,930</u>
Total General Revenues	<u>30,984,767</u>	<u>26,184,262</u>	<u>-</u>	<u>300,000</u>	<u>30,984,767</u>	<u>26,484,262</u>
Total Revenues	<u>41,079,164</u>	<u>36,079,876</u>	<u>2,036,585</u>	<u>1,054,991</u>	<u>43,115,749</u>	<u>37,134,867</u>
Expenses						
Instructions	15,723,933	20,707,525	-	-	15,723,933	20,707,525
Support Services:						
Administrative expenses	7,589,635	8,484,418	-	-	7,589,635	8,484,418
Other support services	7,829,355	5,664,502	-	-	7,829,355	5,664,502
Unallocated:						
Capital outlay	19,076	-	-	-	19,076	-
Depreciation	94,376	68,956	-	-	94,376	68,956
Amortization	2,366,257	-	-	-	2,366,257	-
Food Service	-	-	1,629,597	653,062	1,629,597	653,062
After Care	<u>-</u>	<u>-</u>	<u>51,997</u>	<u>-</u>	<u>51,997</u>	<u>-</u>
Total Expenses	<u>33,622,632</u>	<u>34,925,401</u>	<u>1,681,594</u>	<u>653,062</u>	<u>35,304,226</u>	<u>35,578,463</u>
Change in Net Position	<u>\$ 7,456,532</u>	<u>\$ 1,154,475</u>	<u>\$ 354,991</u>	<u>\$ 401,929</u>	<u>\$ 7,811,523</u>	<u>\$ 1,556,404</u>

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED**

**Governmental Activities**

The Statement of Activities reflects the cost of program services and the charges for services and operating grants and contributions offsetting those services. The table below, for government activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by unrestricted state entitlements for the fiscal year ended June 30, 2022.

	<u>Total Cost of Services</u>	<u>Charges for Services</u>	<u>Grants/ Contributions</u>	<u>Net Cost of Services</u>
Instruction	\$ 15,723,933	\$ -	\$ 6,043,256	\$ (9,680,677)
Support Services:				
Administrative expenses	7,589,635	-	1,794,704	(5,794,931)
Other support services	7,829,355	38,985	2,080,995	(5,709,375)
Unallocated:				
Capital outlay	19,076	-	136,457	117,381
Depreciation	94,376	-	-	(94,376)
Amortization of righ-of-use assets	<u>2,366,257</u>	<u>-</u>	<u>-</u>	<u>(2,366,257)</u>
 Total Expenses	 <u>\$ 33,622,632</u>	 <u>\$ 38,985</u>	 <u>\$ 10,055,412</u>	 <u>\$ (23,528,235)</u>

**Business-Type Activity**

The business-type activities of the Charter School are the food service operation and after care. These programs had revenues of \$2.04 million and operating expenses of \$1.68 million for fiscal year 2022. The Charter School continued in its effort to have food services be self-operating without assistance from the General Fund.

**The Charter School’s Funds**

The Charter School’s governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues and other financing sources of \$40.31 million and expenditures and other financing uses of \$33.36 million.

**General Fund Budgeting Highlights**

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

During the course of fiscal year 2022, the Charter School amended its General Fund budget as needed. The Charter School uses state-aid and other revenue-based budget. The budgeting systems are designed to tightly control total budget but provide flexibility for Charter School management teams.

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED**

**General Fund Budgeting Highlights - continued**

For the General Fund, final budgeted revenues and other financing sources were \$26.68 million which included a local tax levy of \$2.66 million. Expenditures and other financing uses were budgeted at \$24.05 million. The Charter School anticipated a decrease in fund balance of \$2.63 million. Actual revenues and other financing sources were \$35.29 million and expenditures and other financing uses were \$28.33 million, increasing the fund balance by \$6.96 million.

The State of New Jersey reimbursed the Charter School \$0.33 million during the year ended June 30, 2022, for the employer’s share of social security contributions for TPAF members while on-behalf TPAF payments for pensions and post-retirement medical benefits, and long-term disability insurance were \$3.94 million. These unbudgeted amounts are included in both revenues and expenditures.

**Capital Assets**

At the end of fiscal year 2022, the Charter School had \$0.3 million invested in capital assets all in governmental activities.

	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
Equipment	\$ 851,802	\$ -	\$ 851,802
Vehicles/Buses	265,271	-	265,271
Leasehold improvements	<u>847,954</u>	-	<u>847,954</u>
Total capital assets	1,965,027	-	1,965,027
Less accumulated depreciation	<u>(1,671,625)</u>	-	<u>(1,671,625)</u>
Totals	<u>\$ 293,402</u>	<u>\$ -</u>	<u>\$ 293,402</u>

**Right-of-Use Assets**

At the end of fiscal year 2022, the Charter School had \$13.40 million right-of-use assets on its leased buildings.

	Beginning Balance	Net Additions (Deletions)	Ending Balance
<b>Right-of-use assets being depreciated:</b>			
<b>Governmental Activities</b>			
School building leases	\$ 21,508,346	\$ -	\$ 21,508,346
Less: accumulated amortization	<u>(5,752,106)</u>	<u>(2,366,257)</u>	<u>(8,118,363)</u>
Right-of-use assets, net	<u>\$ 15,756,240</u>	<u>\$ (2,366,257)</u>	<u>\$ 13,389,983</u>
<b>Business Activities</b>			
School building leases	\$ 311,739	\$ -	\$ 311,739
Less: accumulated amortization	<u>-</u>	<u>(311,739)</u>	<u>(311,739)</u>
Right-of-use assets, net	<u>\$ 311,739</u>	<u>\$ (311,739)</u>	<u>\$ -</u>

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED**

**Noncurrent Liabilities**

Noncurrent liabilities at the end of fiscal year 2022 are as follow:

<b>Noncurrent Liabilities</b>	<b>Balance at June 30, 2021</b>	<b>Additions</b>	<b>Retired</b>	<b>Balance at June 30, 2022</b>
Compensated absences	\$ 458,616	\$ -	\$ 47,616	\$ 411,000
Financed purchases	51,371	-	51,371	-
Net pension liability	9,960,217	-	4,028,431	5,931,786
Lease liabilities	<u>16,961,637</u>	<u>-</u>	<u>2,675,439</u>	<u>14,286,198</u>
	<u>\$ 27,431,841</u>	<u>\$ -</u>	<u>\$ 6,802,857</u>	<u>\$ 20,628,984</u>

**Economic Factors and Next Year’s Budget**

The State of New Jersey continues to face serious budgetary constraints. These impacts the amount of state aid allocated to charter schools. This reality was taken into account when adopting the general fund budget for the fiscal year 2021-2022. Nothing was done to compromise the quality of the programs in place in our Charter School during the regular instructional day. The budget was prepared to ensure that all students have the textbooks, materials supplies, equipment, and programs they need to meet New Jersey’s Core Curriculum Content Standards.

**Contacting the Charter School’s Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School’s finances and to reflect the Charter School’s accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to:

Marion P. Thomas Charter Schools  
Business Office  
125 Sussex Avenue  
Newark, New Jersey 07103

# **BASIC FINANCIAL STATEMENTS**

## **CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS**

This Statement of Net Position and the Statement of Activities display information about the Charter School as a whole. The Statement of Net Position presents the financial condition of the government and business-type activities of the Charter School at fiscal year-end. The Statement of Activities presents a comparison between direct expense and program revenues for each program or function of the Charter School's governmental and business-type activities.

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**STATEMENT OF NET POSITION**

**JUNE 30, 2022**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 8,927,445	\$ 65,490	\$ 8,992,935
Accounts receivable	4,568,110	156,128	4,724,238
Interest receivable on subleases	11,194	-	11,194
Sublease receivables	1,467,988	-	1,467,988
Security deposit	38,155	-	38,155
Prepaid expenses	306,829	-	306,829
Total current assets	<u>15,319,721</u>	<u>221,618</u>	<u>15,541,339</u>
Sublease receivables, noncurrent	-	-	-
Capital Assets:			
Machinery and equipment	851,802	-	851,802
Vehicles	265,271	-	265,271
Leasehold improvements	847,954	-	847,954
	1,965,027	-	1,965,027
Less: Accumulated depreciation	<u>(1,671,625)</u>	<u>-</u>	<u>(1,671,625)</u>
Net capital assets	<u>293,402</u>	<u>-</u>	<u>293,402</u>
Right-of-Use Assets:			
School buildings	21,508,346	311,739	21,820,085
Less: Accumulated amortization	<u>(8,118,363)</u>	<u>(311,739)</u>	<u>(8,430,102)</u>
Net right-of-use assets	<u>13,389,983</u>	<u>-</u>	<u>13,389,983</u>
Total assets	<u>29,003,106</u>	<u>221,618</u>	<u>29,224,724</u>
<b>Deferred Outflow of Resources</b>	<u>2,291,597</u>	<u>-</u>	<u>2,291,597</u>
<b>Liabilities</b>			
Current Liabilities:			
Intergovernmental payable:			
State	35,117	-	35,117
Interfund payables (internal)	258,553	(258,553)	-
Deferred revenues	144,385	-	144,385
Total current liabilities	<u>438,055</u>	<u>(258,553)</u>	<u>179,502</u>
Noncurrent Liabilities:			
Compensated absences			
Due within one year	3,210,860	-	3,210,860
Due in more than one year	17,418,124	-	17,418,124
Total noncurrent liabilities	<u>20,628,984</u>	<u>-</u>	<u>20,628,984</u>
Total liabilities	<u>21,067,039</u>	<u>(258,553)</u>	<u>20,808,486</u>
<b>Deferred Inflow of Resources</b>	<u>8,381,739</u>	<u>-</u>	<u>8,381,739</u>
<b>Net Position</b>			
Invested in right-of-use assets, net of related debt	(896,215)	-	(896,215)
Invested in capital assets, net of related debt	293,402	-	293,402
Unrestricted	<u>2,448,738</u>	<u>480,171</u>	<u>2,928,909</u>
Total net position	<u>\$ 1,845,925</u>	<u>\$ 480,171</u>	<u>\$ 2,326,096</u>

See accompanying notes to financial statements.



MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Totals
<b>Governmental activities:</b>						
Instruction	\$ 15,723,933	\$ -	\$ 6,043,256	\$ (9,680,677)	\$ -	\$ (9,680,677)
Administrative cost	7,589,635	-	1,794,704	(5,794,931)	-	(5,794,931)
Support services	7,829,355	38,985	2,080,995	(5,709,375)	-	(5,709,375)
Unallocated:						
Capital outlay	19,076	-	136,457	117,381	-	117,381
Depreciation	94,376	-	-	(94,376)	-	(94,376)
Amortization of right-of-use assets	2,366,257	-	-	(2,366,257)	-	(2,366,257)
Total governmental activities	33,622,632	38,985	10,055,412	(23,528,235)	-	(23,528,235)
<b>Business-type activities:</b>						
Food Service	1,629,597	-	1,951,300	-	321,703	321,703
After Care	51,997	53,865	-	-	1,868	1,868
Total primary government	\$ 35,304,226	\$ 92,850	\$ 12,006,712	\$ (23,528,235)	\$ 323,571	\$ (23,204,664)
<b>General revenues, transfers and special items:</b>						
Local sources				\$ 2,656,606	\$ -	\$ 2,656,606
State sources				23,105,093	-	23,105,093
Federal sources				21,412	-	21,412
Sublease revenue				783,823	-	783,823
Interest income on subleases				105,525	-	105,525
Miscellaneous				4,312,308	-	4,312,308
Total general revenues, transfers and special items				30,984,767	-	30,984,767
Changes in net position				7,456,532	323,571	7,780,103
Net position at beginning of year, as reported				(4,891,204)	89,359	(4,801,845)
Prior period adjustment				(719,403)	35,821	(683,582)
Net position at beginning of year, as restated				(5,610,607)	125,180	(5,485,427)
Net position at ending of year (A-1)				\$ 1,845,925	\$ 448,751	\$ 2,294,676

**FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

**JUNE 30, 2022**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 8,910,724	\$ 16,721	\$ 8,927,445
Accounts receivables:			
Other	248,994	-	248,994
State	858,695	110,947	969,642
Federal	-	3,791,132	3,791,132
Interfund receivables	3,503,610	-	3,503,610
Security deposit	38,155	-	38,155
Prepaid expenses	<u>306,829</u>	<u>-</u>	<u>306,829</u>
Total assets	<u>\$ 13,867,007</u>	<u>\$ 3,918,800</u>	<u>\$ 17,785,807</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Intergovernmental payables:			
State	\$ 35,117	\$ -	\$ 35,117
Interfund payables	-	3,762,163	3,762,163
Deferred revenue	<u>-</u>	<u>144,385</u>	<u>144,385</u>
Total liabilities	<u>35,117</u>	<u>3,906,548</u>	<u>3,941,665</u>
Fund balances:			
Restricted:			
Student activities	-	12,252	12,252
Unassigned	<u>13,831,890</u>	<u>-</u>	<u>13,831,890</u>
Total fund balances	<u>13,831,890</u>	<u>12,252</u>	<u>13,844,142</u>
Total liabilities and fund balances	<u>\$ 13,867,007</u>	<u>\$ 3,918,800</u>	

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

Capital assets and right-of-use assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Cost of capital assets	\$ 1,965,027
Accumulated depreciation	<u>(1,671,625)</u>
	293,402
Right-of-use assets	21,508,346
Accumulated amortization	<u>(8,118,363)</u>
	<u>13,389,983</u>

Sublease receivables are not due in the current period and therefore not included as receivable in the funds

Sublease receivables 1,467,988

Prepaid principal of lease in governmental funds are reduction of lease liabilities in the statement of net position

(275,163)

Unpaid principal portion of sublease receivables due during the year included as revenue in governmental funds

(155,301)

Deferred outflow and deferred inflow of resources and amortized in the statement of activities

Deferred amounts on net pension liability (4,934,969)

Deferred inflow on subleases (1,155,173)

Long-term liabilities, including compensated absences, lease liabilities, and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Lease liabilities (14,286,198)  
Compensated absences payable (411,000)  
Net pension liability (5,931,786)  
(20,628,984)

Net position of governmental activities - A-1

\$ 1,845,925

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**YEAR ENDED JUNE 30, 2022**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<b>Revenues</b>			
Local Sources:			
Local tax levy	\$ 2,656,606	\$ -	\$ 2,656,606
Grants and contributions	-	57,584	57,584
Forgiven PPP loan	3,747,686	-	3,747,686
Miscellaneous	<u>564,622</u>	<u>38,985</u>	<u>603,607</u>
Total revenues -local sources	6,968,914	96,569	7,065,483
State sources	23,105,093	1,129,964	24,235,057
Federal sources	21,412	3,795,826	3,817,238
Reimbursed TPAF - Social Security (non-budgeted)	331,756	-	331,756
On-behalf Teachers' Pension and Annuity Fund pension contributions (non-budgeted)	3,194,960	-	3,194,960
On-Behalf Teachers' Pension and Annuity Fund post-retirement medical (non-budgeted)	746,472	-	746,472
On-Behalf Teachers' Pension and Annuity Fund non-contributory insurance (non-budgeted)	<u>2,911</u>	<u>-</u>	<u>2,911</u>
Total revenues	<u>34,371,518</u>	<u>5,022,359</u>	<u>39,393,877</u>
<b>Expenditures</b>			
Current expense:			
Regular instruction	6,937,986	3,029,319	9,967,305
Special education instruction	693,619	-	693,619
Other Special Instruction	49,266	-	49,266
Student and instruction related services	1,004,584	1,863,863	2,868,447
Other administrative services	3,555,296	-	3,555,296
School administrative services	1,048,812	-	1,048,812
Plant operations and maintenance	3,985,932	-	3,985,932
Pupil transportation	44,545	-	44,545
Personal services - employee benefits	8,085,590	-	8,085,590
Capital outlay	<u>18,469</u>	<u>136,457</u>	<u>154,926</u>
Total expenditures	<u>25,424,099</u>	<u>5,029,639</u>	<u>30,453,738</u>
Excess of revenues over expenditures	8,947,419	(7,280)	8,940,139
Other financing sources (uses):			
Principal and interests received on subleases	919,008	-	919,008
Principal and interests payments on leases	<u>(2,904,721)</u>	<u>-</u>	<u>(2,904,721)</u>
Total other financing sources/(uses)	(1,985,713)	-	(1,985,713)
Net change in fund balances	6,961,706	(7,280)	6,954,426
Fund balances at beginning of the year	6,870,184	19,532	6,889,716
Fund balances at end of year	<u>\$ 13,831,890</u>	<u>\$ 12,252</u>	<u>\$ 13,844,142</u>

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2022**

**Total net change in fund balances - governmental funds (B-2)** \$ 6,954,426

**Amounts reported for governmental activities in the Statement  
of Activities (A-2) are different because:**

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the period. Additionally, in the Statement of Activities gains or (losses) are recognized upon disposition:

Capital outlay	135,850
Depreciation expense	(94,376)
Amortization expense	<u>(2,366,257)</u>
	<u>(2,324,783)</u>

Repayment of financed purchases and leases are expenditures in the governmental funds, but the repayment reduces noncurrent liabilities in the Statement of Net Assets and are not reported in the Statement of Activities.

Repayment of financed purchases	51,371
Principal payment of leases	<u>2,101,456</u>
	<u>2,152,827</u>

In the statement of activities, interest on subleases is accrued, regardless of when due. In the governmental funds, interest is reported when due

Interest income on sublease receivables	105,525
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Collection of the principal portion sublease receivables are revenue in the governmental funds, but the collection reduces noncurrent assets in the Statement of Net Assets and are not reported in the Statement of Activities.

Principal collection of sublease receivables	(135,185)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.

Compensated absences	47,616
Pension costs	<u>656,106</u>
	<u>703,722</u>

	<u>\$ 7,456,532</u>
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**PROPRIETARY FUNDS**

MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)

PROPRIETARY FUND

STATEMENT OF NET POSITION

JUNE 30, 2022

	<u>AFTER CARE</u>	<u>FOOD SERVICE</u>	<u>TOTAL</u>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ -	\$ 65,490	\$ 65,490
Accounts receivables:			
Federal	-	153,881	153,881
State	-	2,247	2,247
Interfund receivable - Food Service	<u>323,372</u>	<u>(323,372)</u>	<u>-</u>
	<u>323,372</u>	<u>(167,244)</u>	<u>156,128</u>
Right-of-use assets:			
Leased building	-	311,739	311,739
Accumulated amortization	<u>-</u>	<u>(311,739)</u>	<u>(311,739)</u>
Right-of-use assets, net	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 323,372</u>	<u>\$ (101,754)</u>	<u>\$ 221,618</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Interfund payable - General Fund	<u>-</u>	<u>(258,553)</u>	<u>(258,553)</u>
Total liabilities	-	(258,553)	(258,553)
<b>Net position</b>			
Unrestricted (Deficit)	<u>323,372</u>	<u>156,799</u>	<u>480,171</u>
Total liabilities and net position	<u>\$ 323,372</u>	<u>\$ (101,754)</u>	<u>\$ 221,618</u>



**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**PROPRIETARY FUND**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**

**YEAR ENDED JUNE 30, 2022**

	<u>AFTER CARE</u>	<u>FOOD SERVICE</u>	<u>TOTAL</u>
Operating revenues:			
Charges for services:			
Miscellaneous revenue	\$ 53,865	\$ -	\$ 53,865
Total operating revenues	<u>53,865</u>	<u>-</u>	<u>53,865</u>
Operating expenses:			
Cost of sales - reimbursable programs	-	1,090,237	1,090,237
Salaries	-	3,039	3,039
Cleaning, repairs and maintenance	-	57,321	57,321
Energy cost	-	33,212	33,212
Supplies and materials	-	6,459	6,459
Amortization of right-of-use assets	-	311,739	311,739
Miscellaneous	51,997	3,508	55,505
Total operating expenses	<u>51,997</u>	<u>1,505,515</u>	<u>1,557,512</u>
Operating loss	<u>1,868</u>	<u>(1,505,515)</u>	<u>(1,503,647)</u>
Nonoperating revenues:			
State sources:			
State School Lunch	-	26,271	26,271
State School Snacks	-	-	-
Federal sources:			
COVID-19 - National School Lunch - SSO	-	1,194,820	1,194,820
COVID-19 - National School Breakfast - SSO	-	504,463	504,463
COVID-19 - Fresh Fruit and Vegetable - SSO	-	45,134	45,134
Food Commodities	-	53,633	53,633
COVID-19 - EM Schools	-	123,844	123,844
COVID-19 - Pandemic EBT Administrative Costs	-	3,135	3,135
Total nonoperating revenues	<u>-</u>	<u>1,951,300</u>	<u>1,951,300</u>
Net income before contributions and transfers	<u>1,868</u>	<u>445,785</u>	<u>447,653</u>
Other financing sources:			
Interest expenses on leases	<u>-</u>	<u>(124,082)</u>	<u>(124,082)</u>
Change in net position	<u>1,868</u>	<u>321,703</u>	<u>323,571</u>
Net position at beginning of year, as reported	321,504	(232,145)	89,359
Prior period adjustment	-	35,821	35,821
Net position at beginning of year, as restated	<u>321,504</u>	<u>(196,324)</u>	<u>125,180</u>
Net position at end of year	<u>\$ 323,372</u>	<u>\$ 125,379</u>	<u>\$ 448,751</u>

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**PROPRIETARY FUND**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED JUNE 30, 2022**

**Cash flows from operating activities**

Operating loss	\$ (1,472,227)
Adjustment to reconcile operating loss to net cash from operating activities	
Amortization of right-of-use assets	311,739
Changes in assets and liabilities:	
Increase in accounts receivable	(89,044)
Decrease in accounts payable	(56,627)
Decrease in interfund payable	<u>(337,716)</u>
Net cash from operating activities	<u>(1,643,875)</u>

**Cash flows from noncapital financing activities**

Cash received from state and federal reimbursements	<u>1,951,300</u>
Net cash from noncapital financing activities	<u>1,951,300</u>

**Cash flows from capital financing activities**

Cash paid for lease liabilities	(275,918)
Cash paid for interest	<u>(124,082)</u>
Net cash from capital financing activities	<u>(400,000)</u>

Net increase in cash and cash equivalents	(92,575)
Cash and cash equivalents at beginning of year	<u>158,065</u>
Cash and cash equivalents at end of year	<u>\$ 65,490</u>

**FIDUCIARY FUNDS**

**NOTES TO THE  
BASIC FINANCIAL STATEMENTS**

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of Marion P. Thomas Charter Schools (the "Charter School" or "MPTCS") is presented to assist in understanding the Charter School's financial statements and notes are representation of the Charter School's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units and have been consistently applied in the preparation of these financial statements.

**A. Reporting Entity:**

The Charter School was incorporated in the State of New Jersey on March 13, 1997 as a non-for-profit corporation for the purpose of operating and maintaining a public school under a charter granted by the State of New Jersey, which promotes comprehensive educational reform by infusing innovation into the public education system. The Charter School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Charter School is an instrument of the State of New Jersey, established to function as an educational institution. Its mission is to establish a character school to serve as a neighborhood resource and as a model for other similar schools. The Charter School is committed to achieving the New Jersey Core Curriculum Content Standards and producing high academic achievement by all students. The Charter School will integrate a holistic curriculum, utilize learner center techniques, family and caregiver centered approaches, comprehensive community involvement, cutting edge technology and an intimate nurturing environment that will enhance positive self-images.

**B. Component Units**

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the Government Auditing Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School management. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the Charter School. Based on the aforementioned criteria, the Charter School has no component units.

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**C. Basis of Presentation**

The financial statements of the Charter School have been prepared in conformity with GAAP as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Charter School also applies Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise fund unless they conflict with or contradict GASB pronouncements. The Charter School conforms to the requirements of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the financial statements include the following:

The financial statements include:

- i) A Management's Discussion and Analysis (MD&A) section providing an analysis of the Charter School's overall financial position and results of operations.
- ii) Financial statements prepared using full accrual accounting for all of the Charter School's activities.
- iii) A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

**D. Basic Financial Statements**

The Charter School's basic financial statements consist of Charter School or government-wide statements, including a statement of net position and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

**Government-wide Financial Statements**

The statement of net position and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the Charter School, except for fiduciary funds.

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**D. Basic Financial Statements - Continued**

The statement of net position presents the financial condition of the governmental and business-type activities of the Charter School at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Charter School's governmental and business-type activities. The governmental activities generally are financed through federal and state awards, taxes and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**Fund Financial Statements**

Fund financial statements of the Charter School are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Charter School.

The Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Charter School at a more detailed level.

**E. Governmental Funds**

**General Fund** - The General Fund is the primary operating fund of the Charter School and is always classified as a major fund. It is used to account for all financial resources except those that are legally or administratively required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

- 1) As required by the New Jersey Department of Education, the Charter School included 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.

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**E. Governmental Funds - Continued**

- 2) Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of ground, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

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

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2022, there was no Capital Projects Fund.

**Debt Service Fund** -The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on, bonds issued to finance major property acquisitions, construction, and improvement programs. As of June 30, 2022, there was no debt service fund.

**F. Proprietary Funds**

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

**Enterprise Funds** - The Enterprise Fund are utilized to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the Charter School is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods and services to the students on a continuing basis be financed or recovered primarily through user charges; or where the Charter School has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability or other purposes.



**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**F. Proprietary Funds - Continued**

All proprietary funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenue) and decreases (expenses) in net total assets.

**Internal Service (Self-Insurance) Fund:**

The Self-Insurance Fund is used to cover the self-insured limits of the various insurance policies for all funds. Charter School does not use self-insurance fund.

**G. Fiduciary Funds**

Fiduciary funds are classified as follows:

Trust Fund. Accounts for assets held in a trustee capacity for others and therefore cannot be used to support the Charter School’s own programs. Three trust fund types discussed below are used to account for resources held and administered by the Charter School when it is acting in a fiduciary capacity for individuals, private organizations or other governmental units. These funds are distinguished from custodial funds generally by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

- a. Pension and Other Employee Benefit Trust. Accounts for resources held in trust for the members and beneficiaries of various employee benefit plans.
- b. Investment Trust Fund. Accounts for the portion of investment pools reported by the sponsoring district.
- c. Private Purpose Trust Fund. Accounts for all other trust arrangements, such as a scholarship fund to benefit individual students.

Custodial Fund. Accounts for resources held by the Charter School in a purely custodial capacity that involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Charter School must maintain the financial integrity of the individual agencies through a separate accounting of each activity for which the Charter School is acting as an agent. Custodial funds would include parent-teacher organizations.

The Charter School do not have fiduciary funds for the year ended June 30, 2022.

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**H. Measurement Focus and Basis of Accounting**

**Measurement Focus** – Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied. On the government-wide statements of net position and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statement of these funds present increases (i.e., revenues and other financing sources), and decreases (i.e. Expenditures and other finances uses) during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary funds are accounted for on a flow economic resources measurement focus. With this measurement focus, the accounting adjectives are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flow. All assets and all liabilities, whether current or noncurrent, associated with their activities are included on the statement of financial position. Fund equity (i.e., net total assets) is classified as net position.

**Basis of Accounting** - In the government-wide statement of net position and statements of activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability, resulting from exchange and exchange like transactions, is incurred (i.e. the exchange takes place).

In the fund financial statements, governmental fund and agency funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available.

“Measurable” means the amount of the transaction can be determined and “available” means collectible with the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**I. Budgets/Budgetary Control**

Annual appropriated budgets are prepared prior to July 1, for the General Fund. The budget is prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A. 2(m)1. All budget amendments must be approved by the State Department of Education. Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below.

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

The accounting records of 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 recognized encumbrances as expenditures and also recognized the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow of the presentation of GAAP basis financial report. As presented in the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General, Special Revenue Fund and Debt Service Funds to the GAAP basis of accounting as presented in the Statements of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds.

**J. Assets, Liabilities, and Equity**

***Deposits, Investments and Risk Disclosure***

Cash and cash equivalents include amounts in deposits, money market accounts and short-term investments with original maturities of three months or less.

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**J. Assets, Liabilities, and Equity – Continued**

***Deposits, Investments and Risk Disclosure - Continued***

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity of any discount or premium. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40 replaces in part, and otherwise modifies the prior GASB Statement No. 3, in addressing the requirements for disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments. Custodial credit risk disclosures are limited to deposits that are not covered by depository insurance and are (a) uncollateralized; (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name.

***Deposits***

New Jersey statutes require that Charter Schools deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Charter Schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows: The market value of the collateral must equal at least five percent of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%. All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**J. Assets, Liabilities, and Equity - Continued**

***Deposits, Investments and Risk Disclosure - Continued***

***Investments***

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the Charter School.
- d. New Jersey Cash Management Fund, New Jersey Arbitrage Rebate Management Fund and MBIA CLASS.

As of June 30, 2022, the Charter School did not hold any investments.

***Risk Category***

All bank deposits, as of the balance sheet date, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act. Although GASB Statement No. 40 eliminated Categories 1 and 2 as previously established by GASB Statement No. 3, it maintained, with modification, the level-of-disclosure requirements of GASB Statement No. 3.

As of June 30, 2022, the Board had funds invested and on deposit in checking accounts. These funds constitute “deposits with financial institutions” as defined by GASB Statement No. 3 and modified by GASB Statement No. 40, and as such, are deposits that are insured or collateralized with securities held by the Board or by its agent in the Board’s name, both at year-end and throughout the year.

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

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**J. Assets, Liabilities, and Equity - Continued**

***Prepaid Expenses***

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

***Interfund Assets/Liabilities***

On the fund financial statements, receivables and payables resulting from short-term Interfund loans are classified as Interfund Receivable/Payable. Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide Statements of Net Position.

***Fixed Assets***

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the Charter School as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation based for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the governmental fund capital assets.

Donated capital assets are capitalized at estimated fair market value on the date donated. Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of the depreciable capital assets are as follows:

<b>Description</b>	<b>Estimated lives</b>
Land Improvements	15 years
Building and Buildings Improvements	15 years
Furniture and Equipment	5 years

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**J. Assets, Liabilities, and Equity – Continued**

***Right -of-Use Assets***

Right-of-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized over the lease term or the life of the asset, whichever is shorter.

***Compensated Absences***

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

Charter School employees are granted varying amounts of vacation and sick leave in accordance with the Charter School's personnel policy. Upon termination, employees are paid for accrued vacation. The Charter School's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the Charter School for the unused sick leave in accordance with the Charter School's agreements with the various employee unions.

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2022, there is no liability for compensated absences in the Food Service Fund.

***Sublease Receivables***

Sublease receivables are measured at the present value of collections expected to be made during the lease term (less any lease incentives).

***Lease Liabilities***

Lease liabilities are measured at the present value of payments expected to be made during the lease term (less any lease incentives).

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**J. Assets, Liabilities, and Equity – Continued**

***Deferred Outflows of Resources and Deferred Inflows of Resources***

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

The components of the deferred outflows of resources and deferred inflows of resources are as follows in the governmental activities:

**Deferred Outflow of Resources**

Deferred outflow from pension	<u>\$ 2,291,597</u>
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**Deferred Inflow of Resources**

Deferred inflow from pension	\$ 7,226,566
Deferred inflow from leases	<u>1,155,173</u>
	<u>\$ 8,381,739</u>

***Pensions***

In government-wide financial statements, pensions are recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The Charter School recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, measured as of the Charter School's fiscal year-end or the Charter School's proportionate share thereof in the case of a cost-sharing multi-employer plan. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience, are amortized over the weighted average remaining service life of all participants, including retirees, in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they arose. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as



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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**J. Assets, Liabilities, and Equity – Continued**

***Pensions – continued***

a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

***Deferred Revenue***

Deferred revenue in special revenue fund represent cash that has been received but not yet earned.

***Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payable, accrued liabilities, and long-term obligations payable from the Enterprises Fund are reported in the Enterprises Fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payments during the current year.

***Lease Liabilities***

Lease liabilities are measured at the present value of payments expected to be made during the lease term (less any lease incentives).

***Deferred Outflows of Resources and Deferred Inflows of Resources***

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

The deferred outflows of resources and deferred inflows of resources in the Charter School-wide governmental activities pertain to pensions.

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**J. Assets, Liabilities, and Equity – Continued**

***Fund Balance and Equity***

Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Charter School is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

*Nonspendable* fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

*Restricted* fund balance is to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law or Education Law.

*Committed* fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. These funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain designations established and approved by the entity's governing board.

*Assigned* fund balance, in the General Fund, will represent amounts constrained either by the entity's highest level of decision-making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. This classification will include amounts designated for balancing the subsequent year's budget and encumbrances. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

*Unassigned* fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities, together with amounts already

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Assets, Liabilities, and Equity – Continued

***Fund Balance and Equity – continued***

classified as nonspendable, restricted and committed would exceed the fund's assets.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Charter School's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Charter School's policy to use fund balance in the following order: committed, assigned, and unassigned.

***Net Position***

Net Position on the *Statement of Net Position* include the following:

**Investments in Capital Assets, net of Related Debt** - the component of net asset there reports the differences between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributed to the acquisition, construction, or improvement of those assets.

**Restricted for Specific Purposes** - the component of net position that reports the difference between assets and liabilities of the certain programs that consist of assets with constraints placed on their use by either external parties and /or enabling legislation

**Restricted for Debt Service** - the component of net position that reports the difference between assets and liabilities of the Debt Service Fund that consists of assets with constraints placed on their use by creditors.

**Unrestricted** - the difference between the assets and liabilities that is not reported in Net Position Invested in Capital Assets, net of Related Debt, Net Assets Restricted for Specific Purposes or Net Position Restricted for Debt Services.

***Contributed Capital***

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds.

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**K. Interfund Transactions**

Interfund transfers are defined as the flow of assets, such as cash or goods, without equivalent flows of assets in return. Interfund borrowings are reflected as “Due from/to Other Funds” on the accompanying financial statements. All other interfund transfers are reported as operating transfers.

**L. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the recorded amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**M. Accounting for Uncertainty of Income Taxes**

The Charter School recognizes the effect of income tax positions only of those positions are more likely than not of being sustained. Management has determined that the Charter School had no uncertain tax positions that would require financial statement recognition. The Charter School is no longer subject to audits by the applicable taxing jurisdictions for tax periods prior to 2019.

**N. On-Behalf Payments**

Revenues and expenditures of the General Fund include payment made by the State of New Jersey for Pension and Social Security contributions for certified teacher members of the New Jersey Teachers Pension and Annuity Fund, and for post-retirement medical benefits of members. The amounts are not required to be included in the Charter School’s annual budget.

**O. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is March 15, 2023.

On February 1, 2023, the Charter School is renewed for a period of five years through June 30, 2028, however, is immediately placed on probation. The Charter School is required to submit a remedial plan to the New Jersey Department of Education (Department) in accordance with N.J.A.C. 6A:11-24. As of audit report date, the Charter School has submitted the remedial plan to the Department.

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 2 ACCOUNTING PRONOUNCEMENTS**

A. Accounting Pronouncement Adopted During the year

GASB Statement No. 87, *Leases* establishes a uniform approach for lease accounting based on the principle that leases are financings of the right to use an underlying asset. In accordance with the statement, parties to a lease agreement, the lessee and lessor, are required to recognize a lease liability and an intangible right-to-use lease asset (a capital asset hereinafter referred to as the lease asset), and a lease receivable and deferred inflow of resources, respectively. The new leases standard also requires enhanced disclosure which include a general description of the leasing arrangement, the aggregated amount of resource inflows and outflows recognized from lease contracts, including those not included in the measurement of the lease liability and receivable, and the disclosure of the long-term effect of lease arrangements on a government's resources.

As a result of adopting the new standard, the charter school-wide financial statements reflected a cumulative effect for the change in accounting principle to recognize the right-of-use assets of \$16,067,980, sublease receivables of \$2,126,170, increase in deferred inflow of resources of \$1,938,996, increase on lease liabilities of \$16,961,637 and increase in prepaid expense of \$22,901, which caused a restatement to decrease the net position at July 1, 2021 of \$683,582. Additional disclosures of the Charter School's implementation with respect to Statement No. 87 are included in Notes to the Financial Statements.

GASB Statement No. 98, *The Annual Comprehensive Financial Report* establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The Charter School adopted Statement No. 98 during fiscal year 2022 and changed all reporting references to ACFR. This adoption did not have an effect on the Charter School's net position at July 1, 2021.

Statement No. 92, *Omnibus 2020*, addresses practice issues that were identified during implementation and application of certain GASB Statements. The Statement addresses a variety of topics including Leases, Intra-Entity Transfers of Assets, Assets Accumulated for Defined Benefit Postemployment Benefits, Fiduciary Activities, Asset Retirement Obligations, Reinsurance Recoveries, Nonrecurring Fair Value Measurements, and Derivative Instruments. The adoption of Statement No. 92 had no impact on the Charter School's current accounting practices nor its financial reporting.

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 2 ACCOUNTING PRONOUNCEMENTS – CONTINUED**

A. Accounting Pronouncement Adopted During the year - Continued

Statement No. 93, *Replacement of Interbank Offered Rates* establishes accounting and reporting requirements related to the replacement of Interbank Offered Rates (IBOR) such as the London Interbank Offered Rate (LIBOR) for hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for certain hedging derivative instruments. The Charter School do not have transactions that transacts using IBOR therefore, the adoption of Statement No. 93 had no impact on the Charter School’s current accounting practices nor its financial reporting.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Section 457 Deferred Compensation Plans* clarifies component unit criteria for a potential component unit in the absence of a governing board in determining financial accountability; limits the applicability of financial burden criteria in paragraph 7 of GASB Statement No.84; and classifies Section 457 Deferred Compensation plans as either a pension plan or other employee benefit plan. The adoption of Statement No. 97 had no impact on the Charter School’s current accounting practices nor its financial reporting.

B. Accounting Pronouncements Issued but not Yet Adopted

GASB has issued the following pronouncements that may affect future financial position, results of operations, cash flows, or financial presentation of the Charter School upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Statement No.	GASB Accounting Standard	Effective Fiscal Year
91	Conduit Debt Obligations	2023
94	Public-Private and Public-Public Partnerships and Availability Payment Arrangements	2023
96	Subscription-Based Information Technology Arrangements	2023
99	Omnibus 2022	2024
100	Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62	2024
101	Compensated Absences	2024

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 3 CASH AND CASH EQUIVALENTS**

The Charter School's cash and cash equivalents are classified below to inform financial statement users about the extent to which the Charter School's deposits and investments are exposed to custodial credit risk.

As of June 30, 2022, the Charter School's deposits are summarized as follows:

	General Fund	Special Revenue Fund	Enterprise Fund	Total
Operating account	\$ 8,835,528	\$ 16,721	\$ 65,490	\$ 8,917,739
Restricted	75,196	-	-	75,196
Total	<u>\$ 8,910,724</u>	<u>\$ 16,721</u>	<u>\$ 65,490</u>	<u>\$ 8,992,935</u>

Operating cash accounts are held in the Charter School's name by several banking institutions. At June 30, 2022, the Charter School's carrying amount of deposits was \$8,917,739 and the bank balance was \$12,051,637. Of the bank balance, up to a maximum of \$250,000 of the Charter School's cash deposits on June 30, 2022 were secured by federal deposit insurance and \$11,551,637 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Governmental Unit Deposit Protection Act ("GUDPA").

*Restricted Cash*

The Charter School has established and funded an Escrow Account pursuant to an agreement signed with the New Jersey Department of Education. The required minimum is \$75,000, of which \$75,196 is funded at June 30, 2022. The agreement stipulates that the intended use of the escrow amount is "to pay for legal and audit expenses and any other outstanding pension benefits that would be associated with a dissolution should it occur."

**NOTE 4 CAPITAL ASSETS**

As required under accounting standards discussed in Note 2, the Charter School performed a thorough review of the inventory records of all its fixed assets. The valuation bases for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost have been used. The review of inventory records of all the Charter School's capital assets was completed during the fiscal year ended June 30, 2022, deletions, if any, have been accounted for in the Charter School's beginning balances; the table below illustrates the net of additions and deletions for the current year.

**MARION P. THOMAS CHARTER SCHOOLS  
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 4 CAPITAL ASSETS - CONTINUED**

Capital assets activities for the year ended June 30, 2022 are as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Net Additions (Deletions)</b>	<b>Ending Balance</b>
<b>Capital assets being depreciated:</b>			
Equipment	\$ 851,802	\$ -	\$ 851,802
Buses/Vehicles	265,271	-	265,271
Leasehold improvements	712,104	135,850	847,954
Total	1,829,177	135,850	1,965,027
Less accumulated depreciation	(1,577,249)	(94,376)	(1,671,625)
Capital assets, net	251,928	41,474	293,402
<b><u>Business-Type Activities</u></b>			
	-	-	-
Capital assets, net	\$ 251,928	\$ 41,474	\$ 293,402

**NOTE 5 LEASES**

A lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The Charter School leases its school buildings located in Newark, New Jersey with Friends of Marion P. Thomas Charter Schools and its subsidiaries. The related obligations are presented in the amounts equal to the present value of lease payments, payable during the remaining lease term. As a lessee, the associated right-of-use assets as of June 30, 2022, on the government-wide Statement of Net Position is as follow:

<b>Right-of-use assets being depreciated:</b>	<b>Beginning Balance</b>	<b>Net Additions (Deletions)</b>	<b>Ending Balance</b>
<b><i>Governmental Activities</i></b>			
School building leases	\$ 21,508,346	\$ -	\$ 21,508,346
Less: accumulated amortization	(5,752,106)	(2,366,257)	(8,118,363)
Right-of-use assets, net	\$ 15,756,240	\$ (2,366,257)	\$ 13,389,983
<b><i>Business Activities</i></b>			
School building leases	\$ 311,739	\$ -	\$ 311,739
Less: accumulated amortization	-	(311,739)	(311,739)
Right-of-use assets, net	\$ 311,739	\$ (311,739)	\$ -



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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 5 LEASES - CONTINUED**

The amortization of right-of-use assets for the year ended June 30, 2022, recognized in the Charter School-wide statement of activities as follows:

Governmental Activities	\$ 2,366,257
Business Activities	<u>311,739</u>
	<u>\$ 2,677,996</u>

The lease liabilities as of June 30, 2022, recognized in the Charter School-wide statement of financial position amounted to \$14,286,198.

The Charter School does not have of variable payment clauses, within its lease arrangements. The Charter School did not incur expenses related to its leasing activities related to residual value guarantees, lease termination penalties or losses due to impairment. As a lessee, there are currently no agreements that include sale-leaseback and lease-leaseback transactions.

Furthermore, the Charter School has no commitment for leases that have not commenced as of June 30, 2022.

Similar to its lessee agreements, the Charter School also enters into lease arrangements with third parties in which the Charter School is a sublessor. With this, the Charter School subleases two (2) school buildings to other Charter Schools. The related sublease receivables of \$1,467,988 as of June 30, 2022 are presented in the Statement of Net Position for the amounts equal to the present value of lease payments expected to be received during the lease term.

As of June 30, 2022, the Charter School had minimum principal and interest collection requirements for its subleasing activities, with a remaining term in excess of one year as follows:

Fiscal Year Ending June 30	Principal	Interest Income	Total
2023	\$ 1,031,346	\$ 66,156	\$ 1,097,502
2024	<u>436,642</u>	<u>14,366</u>	<u>451,008</u>
	<u>\$ 1,467,988</u>	<u>\$ 80,522</u>	<u>\$ 1,548,510</u>

**MARION P. THOMAS CHARTER SCHOOLS  
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 5 LEASES - CONTINUED**

Deferred inflow of resources as of June 30, 2022 amounting to \$1,115,173 will be recognized as sublease revenue in the Charter School-wide statement of activities as follow:

Fiscal Year Ending June 30	Principal
2023	\$ 783,822
2024	<u>371,351</u>
	<u>\$ 1,155,173</u>

The following were recognized in the Charter School-wide statement of activities related to the subleases are as follow:

Sublease revenue	\$ 783,823
Interest income on leases	<u>105,525</u>
	<u>\$ 889,348</u>

The Charter School's variable payments clause within its lease arrangements as the lessor, is similar to the arrangements made as lessee.

The Charter School did not incur revenue related to residual value guarantees or lease termination penalties. It also does not currently have agreements that include sale-leaseback and lease-leaseback transactions.

Key estimates and judgements related to leases include how the Charter School determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Charter School uses the interest rate charged by the lessor as the discount rate when available. In the absence of the lessor's interest rate, the Charter School uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease, limited to the Charter School's latest charter renewal term. Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the Charter School is reasonably certain to exercise.

The Charter School monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the right-of-use asset and lease liabilities if certain changes occur that are expected to significantly affect the amount of the lease liabilities.

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 6 NONCURRENT LIABILITIES**

During the fiscal year ended June 30, 2022, noncurrent liabilities reported in the *Statement of Net Position* are as follows:

Noncurrent Liabilities	Balance at June 30, 2021	Additions	Retired	Balance at June 30, 2022	Due within One Year
Compensated absences	\$ 458,616	\$ -	\$ 47,616	\$ 411,000	\$ 41,100
Capital lease obligations	51,371	-	51,371	-	-
Net pension liability	9,960,217	-	4,028,431	5,931,786	599,672
Lease liability	<u>16,961,637</u>	<u>-</u>	<u>2,675,439</u>	<u>14,286,198</u>	<u>2,336,170</u>
	<u>\$ 27,431,841</u>	<u>\$ -</u>	<u>\$ 6,802,857</u>	<u>\$ 20,628,984</u>	<u>\$ 2,976,942</u>

***Net Pension Liability***

The net pension liability classified as due within one year amounting to \$599,672 represents pension contributions for fiscal year 2022 due and payable on April 1, 2023.

***Lease Liabilities***

As of June 30, 2022, the Charter School's minimum principal and interest payment requirements for its leasing activities, including its subleasing activities, with a remaining term in excess of one year, is as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 2,336,170	\$ 787,424	\$ 3,123,594
2024	2,728,685	633,529	3,362,214
2025	2,895,829	466,686	3,362,515
2026	3,070,538	291,282	3,361,820
2027	<u>3,254,976</u>	<u>105,150</u>	<u>3,360,126</u>
	<u>\$ 14,286,198</u>	<u>\$ 2,284,071</u>	<u>\$ 16,570,269</u>

**MARION P. THOMAS CHARTER SCHOOLS  
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 7 NET POSITION (DEFICIT)**

As of June 30, 2022, governmental activities net position consisted of the following components:

Business-type activities net position did not have any capital assets or restrictions.

**INVESTMENT IN CAPITAL ASSETS,  
NET OF RELATED DEBT**

Capital assets, net	\$ 293,402
Less: long-term obligations	<u>-</u>
	293,402

**INVESTMENT IN RIGHT-OF-USE ASSETS,  
NET OF RELATED DEBT**

Right-of-use assets, net	13,389,983
Less: Lease liabilities	<u>(14,286,198)</u>
	(896,215)

**RESTRICTED**

Restricted for Food Service	-
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**UNRESTRICTED**

Net assets not restricted above	<u>2,928,909</u>
<b>NET POSITION (DEFICIT)</b>	<b><u>\$ 2,326,096</u></b>

**NOTE 8 PENSION PLANS**

**A. Description of Plans**

All eligible employees of the Charter School are covered by either the Public Employee's Retirement System (PERS) or the Teacher's Pension and Annuity Fund (TPAF) which have been established by state statute and are administered by the New Jersey Division of Pension and Benefit (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the PERS and the TPAF. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**MARION P. THOMAS CHARTER SCHOOLS  
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 8 PENSION PLANS - CONTINUED**

**A. Description of Plans - Continued**

**i. Public Employees' Retirement System (PERS)**

The Public Employees' Retirement Systems (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full-time employees of the State or any county municipality, Charter School, or public agency provided the employee is not a member of another state-administered retirement system. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State of New Jersey or any county, municipality, Charter School, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

**ii. Teachers Pension and Annuity Fund (TPAF)**

The TPAF was established in January 1, 1995, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. The TPAF is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Charter School and the systems other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**B. Vesting and Benefit Provisions**

The vesting and benefit provisions for PERS are set by N.J.S.A 43:15a and 4303B and N.J.S.A. 18A: for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determine to be 1/55 of the final average salary for each year of service credit as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 8 PENSION PLANS - CONTINUED**

**B. Vesting and Benefit Provisions – Continued**

The PERS and TPAF provides for specified medical benefits for member who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the member's accounts.

**C. Significant Legislation**

Two pieces of legislation passed during fiscal year 2001 having significant impact on the benefit provisions under PERS and TPAF. Chapter 133, P.L.2001, increases retirement benefits for service, deferred and early retirements by changing the formula from 1/60 to 1/55 of final compensation for each year of service. The legislation also increases the retirement benefit for veteran member with 35 years or more of service and reduces age qualification from 60 to 55.

The legislation further provides that existing retirees and beneficiaries would also receive a comparable percentage increase in their retirement allowance. The benefit enhancements are effective with the November 1, 2001 benefit checks. Chapter 120, P.L. 2001, established an additional retirement option for plan members. Under the new option, a retiree's actuarially reduced allowance (to provide a benefit to the retiree's beneficiary upon the death of the retiree) would "pop-up" to the maximum retirement allowance if the beneficiary predeceases the retiree.

Chapter 4, P.L. 2001 provides increased benefit to certain members of PERS who retired prior to December 29, 1989 with at least 25 years of creditable service. The maximum amount of the increase is 5 percent the retiree's final compensation. For those with 30 or more years of service, the total pension would increase from 65 to 71 percent of final compensation. Due to the enactment of 1997 legislation, Chapter 114, P.L. 1997 and Chapter 115, P.L. 1997, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated. In addition, excess valuation assets were available to fund, in full or in part, the State of New Jersey's normal contribution from 1997 to 2001, excluding the contribution for post-retirement medical benefits in the PERS and TPAF.

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 8 PENSION PLANS - CONTINUED**

**D. Contribution Requirement**

The contribution policy is set by laws of the State of New Jersey and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.06% for PERS and 7.06% for TPAF of the employee's annual compensation. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustment, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Charter School is a non-contributing employer of the TPAF. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Charter School.

The Charter School's contribution to PERS for the year ended June 30, 2022 was \$586,402.

The State of New Jersey was required to contribute for TPAF on behalf of the Charter School, for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) and post-retirement medical contribution amounting to \$3,941,432. In addition, for fiscal year 2022, the State of New Jersey contributed \$2,911 for TPAF LTDI.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$331,756 during the year ended June 30, 2022 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contribution and social contribution for TPAF members are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure.

**E. GASB 68 Disclosures**

**i. Public Employees' Retirement System (PERS)**

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 position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**MARION P. THOMAS CHARTER SCHOOLS  
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 8 PENSION PLANS - CONTINUED**

**E. GASB 68 Disclosures - Continued**

**i. Public Employees' Retirement System (PERS) - continued**

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

At June 30, 2022, the Charter School reported in the Charter School-wide statement of net position a liability of \$5,931,786 for its proportionate share of the PERS net pension liability. The total pension liability was measured as of June 30, 2021 as determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The Charter School's proportionate share of the net pension liability was based on the ratio of contributions as an individual employer to the total contributions to the PERS as of June 30, 2021 measurement date. The results of the June 30, 2021 measurement date was used to determine pension values for fiscal year 2022 as allowed by GASB Statement No. 68.

At June 30, 2021, the Charter School's proportionate share was 0.0500720584% which is a decrease from the proportionate share of 0.061077953% at June 30, 2020 measurement date.

For the year ended June 30, 2022, the Charter School recognized pension benefit of \$69,704. At June 30, 2021 measurement date, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 93,552	\$ 42,465
Changes of assumptions	30,893	2,111,754
Net difference between projected and actual earnings on pension plan investments	-	1,562,588
Change in proportion and differences between Charter School contributions and proportionate share contributions	<u>2,167,152</u>	<u>3,509,759</u>
	<u>\$ 2,291,597</u>	<u>\$ 7,226,566</u>



**MARION P. THOMAS CHARTER SCHOOLS  
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 8 PENSION PLANS - CONTINUED**

**E. GASB 68 Disclosures - Continued**

**i. Public Employees' Retirement System (PERS) - continued**

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

	<b>Year Ended June 30,</b>
2023	\$ (951,457)
2024	(1,287,529)
2025	(1,354,217)
2026	(1,111,650)
2027	(230,115)

*Actuarial assumptions.* The collective total pension liability for the June 30, 2021 measurement date as determined by an actuarial valuation as of July 1, 2010, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate

Price	2.75%
Wage	3.25%

Salary increases

Through 2026	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 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 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-2021.

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 8 PENSIONS PLANS - CONTINUED**

**E. GASB 68 Disclosures - Continued**

**i. Public Employees' Retirement System (PERS) - continued**

The actuarial assumptions used in the July 1, 2020 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 the State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2021 measurement date, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.81%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
Total	<u>100.00%</u>	

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 8 PENSION PLANS - CONTINUED**

**E. GASB 68 Disclosures - Continued**

**i. Public Employees' Retirement System (PERS) - continued**

*Discount rate.* The discount rate used to measure the total pension liability was 7% as of June 30, 2021 measurement date. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions from local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of all current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

*Sensitivity of the Charter School's Proportionate share of the net pension liability to changes in the discount rate.* The following presents the Charter School's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
State's proportionate share of the net pension liability attributable to the Charter School	\$ 8,164,000	\$ 5,931,786	\$ 4,154,331

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

**ii. Teachers Pension and Annuity Fund (TPAF)**

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 position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 8 PENSIONS PLANS - CONTINUED**

**E. GASB 68 Disclosures – Continued**

**ii. Teachers Pension and Annuity Fund (TPAF) - continued**

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

in accordance with N.J.S.A. 18:66-33, the employer contributions for the Charter School is legally required to be funded by the State. This is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. As such, there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Charter School.

For the year ended June 30, 2022, the Charter School recognized pension expense and related revenue of \$849,963 in the Charter School-wide financial statements for its proportionate share in the special funding support provided by the State for its TPAF members. The results of the June 30, 2021 measurement date was used to determine pension values for fiscal year 2022 as allowed by GASB Statement No. 68.

The State's proportionate share of the net pension liability attributable to the Charter School was based on the ratio on the State's contribution as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF for the June 30, 2021 and 2020 measurement dates, respectively. At June 30, 2022 and 2021, the State's proportion of the net pension liability attributable to Charter School was 0.0751361204% and 0.0869592716%, respectively.

*Actuarial Assumptions.* The total pension liability for the June 30, 2021 measurement date as determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation

Price	2.75%
Wage	3.25%

Salary increases

Through 2026	1.55% – 4.45% based on years of service
Thereafter	2.75% - 5.65% based on years of service

Investment rate of return 7.00%

**MARION P. THOMAS CHARTER SCHOOLS  
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 8 PENSIONS PLANS - CONTINUED**

**E. GASB 68 Disclosures - Continued**

**ii. Teachers Pension and Annuity Fund (TPAF) - continued**

Pre-retirement mortality were based on Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, ad 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. 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-2021.

The actuarial assumptions used in the July 1, 2020 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 the State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 measurement date, are summarized in the following table:

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 8 PENSIONS PLANS - CONTINUED**

**E. GASB 68 Disclosures - Continued**

**ii. Teachers Pension and Annuity Fund (TPAF) - continued**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equipments	4.00%	0.50%
US Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
Total	100.00%	

*Discount rate.* The discount rate used to measure the total pension liability was 7.0% June 30, 2021 measurement date. 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 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of all current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

*Sensitivity of Net Pension Liability.* The following presents the Charter School's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 8 PENSIONS PLANS - CONTINUED**

**E. GASB 68 Disclosures - Continued**

**ii. Teachers Pension and Annuity Fund (TPAF) - continued**

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
State's proportionate share of the net pension liability attributable to the Charter School	\$ 42,818,883	\$ 36,121,832	\$ 30,622,260

**NOTE 9 POST-RETIREMENT BENEFITS**

***General Information about the OPEB Plan***

The State of New Jersey Provides post-retirement (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2020, the State paid PRM benefits for 143,053 State and local retirees.

The State funds post-retirement medical benefits on a “pay-as-you-go” basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2020, the State contributed \$1.578 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State’s “pay as-you-go” contributions have decreased from Fiscal Year 2019 amounts. Reductions are attributable to various cost savings initiatives implemented by the State, including new Medicare Advantage contracts. The State has appropriated \$1.775 billion in Fiscal Year 2021 as the State’s contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2020 total State OPEB liability to provide these benefits is \$65.5 billion, a decrease of \$10.5 billion or 13.8 percent from the \$76.0 billion liability recorded in Fiscal Year 2019.

Additional information on Pensions and OPEB can be accessed at [state.nj.us/treasury/pensions/financial-reports.shtml](http://state.nj.us/treasury/pensions/financial-reports.shtml).

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 9 POST-RETIREMENT BENEFITS - CONTINUED**

Total OPEB Liability

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

Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education/board of trustees. Note that actual numbers will be published in the NJ State ACFR at <https://www.nj.gov/treasury/omb/acfr.shtml>

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary increases:			
Through 2026	1.55% - 4.45%	2.00% - 6.00%	3.25% - 15.25%
	based on years of service	based on years of service	based on years of service
Thereafter	2.75% - 5.65%	3.00% - 7.00%	Applied to all future years
	based on years of service	based on years of service	

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-2021. 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-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disables retirees.



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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 9 POST-RETIREMENT BENEFITS - CONTINUED**

Future disabled retirees was based on the Pub-2010 “Safety” (PFRS), “General” (PERS), and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial studies for 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.

- (a) Health Care Trend Assumptions  
For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2022 through 2023 are reflected. For PPO, the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.5% after 11 years. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 6.75% 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%
- (b) Discount rate  
The discount rate for used for June 30, 2021 measurement dates was 2.16%. 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 OPEB liability of the State for Charter School retirees:*

Balance at 6/30/20 measurement date	\$ 19,427,072
Changes for the year	
Service cost	3,003,373
Interest	375,777
Change of benefit terms	(15,418)
Differences between expected and actual experience	(8,032,903)
Changes in assumptions and other inputs	14,291
Benefit payments	(296,007)
Contributions from the members	9,607
Net Change	<u>(4,941,280)</u>
Balance at 6/30/21 measurement date	<u>\$ 14,485,792</u>

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 9 POST-RETIREMENT BENEFITS - CONTINUED**

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the State for Charter School retirees, as well as what the State's total OPEB liability for the Charter School retirees would be if it were calculated using a discount rate that is 1-percentage -point lower or 1-percentage-point higher than the current discount rate:

	<b>1% Decrease (1.16%)</b>	<b>Current Discount Rate (2.16%)</b>	<b>1% Increase (3.16%)</b>
Total Nonemployer OPEB Liability (Charter School Retirees)	<u>\$ 17,351,705</u>	<u>\$ 14,485,792</u>	<u>\$ 12,229,058</u>

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability of the State for Charter School retirees, as well as what the State's total OPEB liability for the Charter School retirees would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Current Health Cost Trend Rate</b>	<b>1% Increase</b>
Total Nonemployer OPEB Liability (Charter School Retirees)	<u>\$ 11,726,296</u>	<u>\$ 14,485,792</u>	<u>\$ 18,191,592</u>

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

For the year ended June 30, 2022, the Charter School recognize OPEB revenue and expense of \$3,140,936 as determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the Charter School's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 9 POST-RETIREMENT BENEFITS - CONTINUED**

At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired Charter School employees' OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 2,457,331	\$ 1,554,191
Differences between expected and actual experience	2,183,669	4,347,444
Changes in proportion	3,415,085	2,912,309
	<u>\$ 8,056,085</u>	<u>\$ 8,813,944</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB of retired Charter School employees will be recognized in OPEB expense as follows:

	Year Ended June 30
2023	\$ (91,565)
2024	(91,565)
2025	(91,565)
2026	(91,565)
2027	(53,903)
Thereafter	(337,697)

**NOTE 10 DEFERRED COMPENSATION**

The Charter School offered its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Service 403(b). The Plan is administered by AXA Equity, Inc. and permits participants to defer apportion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, death or unforeseeable emergency.

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 11 RISK MANAGEMENT**

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

**A. Property and Liability Insurance**

The Charter School maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (Unaudited) of this Annual Comprehensive Financial Report (Schedule J-20).

**B. New Jersey Unemployment Compensation**

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

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

The following is a summary of Charter School contributions, employee contributions, reimbursements to the State for benefits employees and charged to its account with the State.

Fiscal Year	Charter School Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2021-2022	\$ 37,864	\$ 40,090	\$ 77,954	\$ -
2020-2021	46,024	35,565	81,589	-
2019-2020	112,000	39,628	151,628	-
2018-2019	268,988	48,697	317,685	-
2017-2018	294,261	57,767	352,028	-
2016-2017	306,312	53,260	359,572	-
2015-2016	63,193	60,621	123,814	-
2014-2015	81,002	64,621	145,623	-
2013-2014	264,760	22,297	287,057	-
2012-2013	13,659	2,988	16,647	-

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 12 INTERFUND RECEIVABLES AND PAYABLES**

Amount reported in the governmental funds as interfund receivable and payable from/to other governmental funds pertains to expenses that were paid from the general fund which are eliminated in the governmental activities column. The remaining internal receivable and payable between the governmental funds and enterprise fund have been eliminated in the total Charter School-wide Statement of Net Asset. At June 30, 2022, the interfund balances consisted of the following components:

	RECEIVABLE (PAYABLE)		
	General Fund	Special Revenue Fund	Enterprise Fund
General fund	\$ 3,503,610	\$ (3,762,163)	\$ 258,553
GASB No 34 mandated eliminations within governmental activities	(3,762,163)	3,762,163	-
Net interfund balances reported as follows:			
Entity-wide (eliminated in total column)	\$ (258,553)	\$ -	\$ 258,553

**NOTE 13 CONTINGENCIES**

**State and Federal Aid Receipts**

State and Federal awards are generally subject to review by the responsible governmental agencies for compliance with the agencies regulations governing the aid. In the opinion of the Charter School's management and legal counsel, any potential adjustments to the Federal or State aid recorded by the Charter School through June 30, 2022, resulting from a review by a responsible government agency will not have a material effect on the Charter School financial statements at June 30, 2022.

**NOTE 14 RELATED PARTY TRANSACTIONS**

The Friends of Marion P. Thomas Charter School (The Friends) is an affiliate organization related to the Charter School. It is a not-for-profit organization incorporated on September 23, 2004 under the laws of the State of New Jersey, to become the Fundraising arm of the Charter School with the intent of making both restricted and unrestricted contributions to the Charter School from time to time. The Friends made no unrestricted contributions during 2022.

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**NOTE 14 RELATED PARTY TRANSACTIONS - CONTINUED**

The Friends and its subsidiaries was also organized to own and manage facilities located in Newark, New Jersey, occupied by the Charter School under various leases. Total principal and interest payments recognized by the Charter School in the governmental and proprietary funds related to these leasing activities for the fiscal year 2022 amounted to \$4,871,833 as follow:

Governmental Funds	\$ 4,471,832
Proprietary Funds	<u>400,000</u>
	<u>\$ 4,871,832</u>

As of June 30, 2022, there is also a prepaid amount related to these leasing activities of \$303,028 in the governmental funds.

**NOTE 15 COVID-19 PUBLIC HEALTH EMERGENCY**

On June 4, 2021, Governor Murphy signed legislation (A5820/S3866) and Executive Order No. 244 ending of the COVID-19 Public Health Emergency that has been in place since March 9, 2020. Under the legislation, the majority of executive orders issued pursuant to the Public Health Emergency expired 30 days from the approval date. The legislation allows for the termination of the Public Health Emergency while also allowing the Administration to retain the tools necessary to manage the ongoing threat posed by the pandemic. Specifically, the Administration is authorized to issue orders, directives, and waivers under the authority in the Emergency Health Powers Act that are related to vaccination efforts; testing; health resource and personnel allocation; data collection, retention, sharing, and access; coordination of local health departments; and implementation of any CDC recommendations to prevent the transmission of COVID-19. This authority lasts until January 11, 2022 and can be extended for 90 days with the passage of a concurrent resolution by the Legislature.

With the end of the Public Health Emergency, full-time school operations were restored in New Jersey beginning September 2021.

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART II**

**BUDGETARY COMPARISON SCHEDULES**

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
<b>Revenues</b>					
Local Sources:					
Local tax levy	\$ 2,656,606	\$ -	\$ 2,656,606	\$ 2,656,606	\$ -
Forgiveness of Payroll Protection Program loan	-	-	-	3,747,686	3,747,686
Unrestricted miscellaneous revenues	-	-	-	564,622	564,622
Total - local sources	<u>2,656,606</u>	<u>-</u>	<u>2,656,606</u>	<u>6,968,914</u>	<u>4,312,308</u>
Federal sources:					
Medicaid reimbursement	-	-	-	21,412	21,412
State sources:					
Categorical special education aid	668,869	-	668,869	668,869	-
Equalization aid	16,001,149	-	16,001,149	16,001,149	-
Categorical security aid	576,266	-	576,266	576,266	-
Adjustment aid	5,858,809	-	5,858,809	5,858,809	-
On-behalf T.P.A.F. pension contributions - normal cost (non-budgeted)	-	-	-	3,194,960	3,194,960
On-behalf T.P.A.F. pension contributions - post-retirement medical (non-budgeted)	-	-	-	746,472	746,472
On-behalf T.P.A.F. pension contributions - long-term disability insurance (non-budgeted)	-	-	-	2,911	2,911
Reimbursed T.P.A.F. social security contributions (non-budgeted)	-	-	-	331,756	331,756
Total - state sources	<u>23,105,093</u>	<u>-</u>	<u>23,105,093</u>	<u>27,381,192</u>	<u>4,276,099</u>
Total revenues	<u>25,761,699</u>	<u>-</u>	<u>25,761,699</u>	<u>34,371,518</u>	<u>8,609,819</u>
<b>Expenditures</b>					
Current expense:					
Regular programs - instruction:					
Kindergarten	753,599	-	753,599	753,599	-
Grade 1-5	1,645,448	(160,132)	1,485,316	1,485,316	-
Grade 6-8	491,389	-	491,389	491,389	-
Grades 9-12 - salaries of teachers	2,365,461	-	2,365,461	2,365,461	-
Regular programs - undistributed instruction:					
Other salaries for instruction	1,609,718	(549,140)	1,060,578	1,060,578	-
Purchased professional - educational services	970,218	(463,009)	507,209	507,209	-
Other purchased services (400-500 Series)	320,743	(85,958)	234,785	234,785	-
General supplies	609,929	(598,540)	11,389	11,389	-
Textbooks	62,164	(62,164)	-	-	-
Other objects	65,086	(36,826)	28,260	28,260	-
Total Regular Programs - Instruction	<u>8,893,755</u>	<u>(1,955,769)</u>	<u>6,937,986</u>	<u>6,937,986</u>	<u>-</u>
Special Education - Instruction:					
Learning and / or Language Disabilities:					
Salaries of teachers	762,130	(73,805)	688,325	688,325	-
Other salaries for instruction	35,081	(30,027)	5,054	5,054	-
Purchased professional - educational services	22,454	(22,214)	240	240	-
General supplies	4,537	-	-	-	-
Total learning and / or language disabilities	<u>824,202</u>	<u>(126,046)</u>	<u>693,619</u>	<u>693,619</u>	<u>-</u>
Total special education - instruction	<u>824,202</u>	<u>(126,046)</u>	<u>693,619</u>	<u>693,619</u>	<u>-</u>
School-Sponsored Cocurricular / Extracurricular Activities - Instruction:					
Salaries	49,266	-	49,266	49,266	-
Total instruction	<u>9,767,223</u>	<u>(2,081,815)</u>	<u>7,680,871</u>	<u>7,680,871</u>	<u>-</u>
Undistributed expenditures - attendance and social work					
Salaries of family support teams	412,184	(65,080)	347,104	347,104	-
Salaries of family liaisons/comm parent inv. spe	123,000	(45,513)	77,487	77,487	-
Total undistributed expenditures - attendance and social work	<u>535,184</u>	<u>(110,593)</u>	<u>424,591</u>	<u>424,591</u>	<u>-</u>
Undistributed expenditures - health services:					
Salaries of social services coordinators	210,143	(59,681)	150,462	150,462	-
Purchased professional and technical services	5,500	(3,357)	2,143	2,143	-
Supplies and materials	12,100	(10,094)	2,006	2,006	-
Total undistributed expenditures - health services	<u>227,743</u>	<u>(73,132)</u>	<u>154,611</u>	<u>154,611</u>	<u>-</u>
Undistributed Expenditures - Speech, OT, PT and Related Services:					
Purchased Professional - Educational Services	79,585	(73,605)	5,980	5,980	-
Undistributed expenditures - child study team:					
Salaries of other professional staff	488,253	(68,851)	419,402	419,402	-



GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed expenditures - support services - general Administration:					
Salaries	3,151,474	(277,063)	2,874,411	2,874,411	-
Legal services	157,692	-	157,692	157,692	-
Audit fees	54,350	-	54,350	54,350	-
Communications / telephone	92,320	(42,464)	49,856	49,856	-
Other purchased services	935,876	(562,143)	373,733	373,733	-
General supplies	181,505	(150,683)	30,822	30,822	-
Judgments against the school district	2,000	(2,000)	-	-	-
Miscellaneous expenditures	36,826	(25,044)	11,782	11,782	-
BOE membership dues and fees	3,638	(988)	2,650	2,650	-
<b>Total undistributed expenditures - support services - general administration</b>	<b>4,615,681</b>	<b>(1,060,385)</b>	<b>3,555,296</b>	<b>3,555,296</b>	<b>-</b>
Undistributed expenditures - support services - school administration:					
Salaries of other professional staff	444,167	-	444,167	444,167	-
Salaries of Secretarial and Clerical Assistants	136,975	-	136,975	136,975	-
Supplies and Materials	30,000	(30,000)	-	-	-
<b>Total undistributed expenditures - support services - school administration</b>	<b>611,142</b>	<b>(30,000)</b>	<b>581,142</b>	<b>581,142</b>	<b>-</b>
Undistributed expenditures - central services:					
Salaries	253,314	-	253,314	253,314	-
Purchased Technical Services	300,450	(168,456)	131,994	131,994	-
Misc. Purchased Services (400-500)	50,805	(16,860)	33,945	33,945	-
Interest on Current Loans	15,000	(15,000)	-	-	-
<b>Total Undistributed Expenditures - Central Services</b>	<b>619,569</b>	<b>(200,316)</b>	<b>419,253</b>	<b>419,253</b>	<b>-</b>
Undistributed Expenditures - Administration Information Technology:					
Salaries	48,417	-	48,417	48,417	-
Undistributed expenditures - required maintenance for school facilities:					
Cleaning, Repair, and Maintenance Services	2,975	(1,900)	1,075	1,075	-
General supplies	5,876	(3,861)	2,015	2,015	-
<b>Total undistributed expenditures - required maintenance for school facilities</b>	<b>8,851</b>	<b>(5,761)</b>	<b>3,090</b>	<b>3,090</b>	<b>-</b>
Custodial services:					
Salaries	596,572	(80,686)	515,886	515,886	-
Cleaning, repair, and maintenance services	917,230	(67,016)	850,214	850,214	-
Rental of land & bldg. oth. than lease pur agrmt	1,810,003	(310,003)	1,500,000	1,500,000	-
Other purchased property services	66,009	(35,623)	30,386	30,386	-
Insurance	200,919	(27,723)	173,196	173,196	-
General Supplies	45,208	(6,739)	38,469	38,469	-
Energy (natural gas)	219,435	(68,848)	150,587	150,587	-
Energy (electricity)	209,086	(87,696)	121,390	121,390	-
<b>Total Undistributed Expenditures - Custodial Services</b>	<b>4,064,462</b>	<b>(684,334)</b>	<b>3,380,128</b>	<b>3,380,128</b>	<b>-</b>
Undistributed Expenditures - Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	15,760	(1,360)	14,400	14,400	-
Undistributed expenditures - security:					
Purchased professional and technical services	613,031	(24,717)	588,314	588,314	-
Undistributed expenditures - student transportation services:					
Contr serv(oth. than bet home & sch)-vend	81,300	(36,755)	44,545	44,545	-
Unallocated benefits - employee benefits:					
Group Insurance	17,619	-	17,619	17,619	-
Social security contributions	667,670	-	667,670	667,670	-
PERS Contributions	591,911	-	591,911	591,911	-
Unemployment compensation	394,715	(38,773)	355,942	355,942	-
Workmen's compensation	489,684	(185,124)	304,560	304,560	-
Health benefits	1,796,677	-	1,796,677	1,796,677	-
Other employee benefits	140,000	(64,888)	75,112	75,112	-
Unused sick payment to terminated / retired staff	-	-	-	-	-
<b>Total unallocated benefits - employee benefits</b>	<b>4,098,276</b>	<b>(288,785)</b>	<b>3,809,491</b>	<b>3,809,491</b>	<b>-</b>
On-behalf T.P.A.F. pension contributions - normal cost (non-budget)	-	-	-	3,194,960	(3,194,960)
On-behalf T.P.A.F. pension contributions - post-retirement medical (non-budgeted)	-	-	-	746,472	(746,472)
On-behalf T.P.A.F. pension contributions - long-term disability insurance (non-budgeted)	-	-	-	2,911	(2,911)
Reimbursed T.P.A.F. social security contributions (non-budgeted)	-	-	-	331,756	(331,756)
Total on-behalf contributions	-	-	-	4,276,099	(4,276,099)
<b>Total personal services - employee benefits</b>	<b>4,098,276</b>	<b>(288,785)</b>	<b>3,809,491</b>	<b>8,085,590</b>	<b>(4,276,099)</b>
<b>Total undistributed expenditures</b>	<b>16,107,254</b>	<b>(2,658,594)</b>	<b>13,448,660</b>	<b>17,724,759</b>	<b>(4,276,099)</b>
<b>Total general current expense</b>	<b>25,874,477</b>	<b>(4,740,409)</b>	<b>21,129,531</b>	<b>25,405,630</b>	<b>(4,276,099)</b>
Capital Outlay:					
Equipment:					

MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)

EXHIBIT C-1

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
Non-instruction services	18,000	(14,931)	3,069	3,069	-
Facilities acquisition and construction services:					
Land/Land Improvement	376,777	(361,377)	15,400	15,400	-
Total Facilities Acquisition and Construction Services	376,777	(361,377)	15,400	15,400	-
Total Capital Outlay	394,777	(376,308)	18,469	18,469	-
Total Expenditures	26,269,254	(5,116,717)	21,148,000	25,424,099	(4,276,099)
Excess (Deficiency) of Revenues Over Expenditures and Before Other Financing Sources (Uses)	(507,555)	5,116,717	4,613,699	8,947,419	4,333,720
Other Financing Sources (Uses):					
Transfers to cover deficit (enterprise fund)	(27,399)	26,435	(964)	-	(964)
Principal and interests on subleases	919,008	-	919,008	919,008	-
Principal and interests on leases	(2,906,723)	-	(2,906,723)	(2,904,721)	2,002
Total Other Financing Sources (Uses)	(2,015,114)	26,435	(1,988,679)	(1,985,713)	1,038
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	(2,522,669)	5,143,152	2,625,020	6,961,706	4,334,758
Fund balances at beginning of year	6,870,184	-	6,870,184	6,870,184	-
Fund balances at end of year	\$ 4,347,515	\$ 5,143,152	\$ 9,495,204	\$ 13,831,890	\$ 4,334,758
Recapitulation:					
Assigned:					
Year-End Encumbrances				\$ -	
Designated for Subsequent Year's Expenditures				-	
Unassigned				13,831,890	
				\$ 13,831,890	
Reconciliation to Governmental Funds Statements (GAAP):					
Fiscal Year 2021 Last State Aid Payments not Recognized on GAAP Basis					
Fund Balance per Governmental Funds (GAAP)				\$ 13,831,890	

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**SPECIAL REVENUE FUND**

**BUDGETARY COMPARISON SCHEDULE**

**YEAR ENDED JUNE 30, 2022**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Final to Actual</b>
<b>Revenues</b>					
Local sources	\$ 120,109	\$ (62,525)	\$ 57,584	\$ 96,569	\$ 38,985
State sources	1,207,076	-	1,207,076	1,129,964	(77,112)
Federal sources	<u>5,539,051</u>	<u>(1,820,337)</u>	<u>3,718,714</u>	<u>3,795,826</u>	<u>77,112</u>
Total revenues	<u>6,866,236</u>	<u>(1,882,862)</u>	<u>4,983,374</u>	<u>5,022,359</u>	<u>38,985</u>
<b>Expenditures</b>					
Current Expenditures:					
Instruction:					
Salaries of teachers	1,300,342	(14,471)	1,285,871	1,285,871	-
Other salaries for instruction	224,974	-	224,974	224,974	-
Purchased Professional and technical services	480,049	(9,231)	470,818	470,818	-
Other purchased services	157,794	(1)	157,793	157,793	-
Instructional supplies	991,412	(101,549)	889,863	889,863	-
Student Activities (nonbudgeted)	-	-	-	46,265	(46,265)
Total instruction	<u>3,154,571</u>	<u>(125,252)</u>	<u>3,029,319</u>	<u>3,075,584</u>	<u>(46,265)</u>
Support services					
Salaries of supervisors of instruction	423,777	(281,555)	142,222	142,222	-
Employee benefits	259,628	-	259,628	259,628	-
Purchased professional educational services	2,473,892	(1,353,133)	1,120,759	1,120,759	-
Travel	3,308	-	3,308	3,308	-
Principal and interest on leases	67,111	-	67,111	67,111	-
Other purchased services	25,160	-	25,160	25,160	-
Contracted Services - Transportation (Between Home and School)	-	-	-	-	-
Supplies	258,855	(105,963)	152,892	152,892	-
General supplies	20,735	-	20,735	20,735	-
Other objects	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Total support services	<u>3,534,966</u>	<u>(1,740,651)</u>	<u>1,794,315</u>	<u>1,794,315</u>	<u>-</u>
Capital Outlay:					
Construction services	16,959	(16,959)	-	-	-
Instructional equipment	11,997	-	11,997	11,997	-
Non-instructional equipment	<u>124,460</u>	<u>-</u>	<u>124,460</u>	<u>124,460</u>	<u>-</u>
Total capital outlay	<u>153,416</u>	<u>(16,959)</u>	<u>136,457</u>	<u>136,457</u>	<u>-</u>
Total Expenditures	<u>6,842,953</u>	<u>(1,882,862)</u>	<u>4,960,091</u>	<u>5,006,356</u>	<u>(46,265)</u>
Excess of revenue over expenditures	<u>\$ 23,283</u>	<u>\$ -</u>	<u>\$ 23,283</u>	<u>\$ 16,003</u>	<u>\$ (7,280)</u>
Fund balance at beginning of year				<u>19,532</u>	<u>19,532</u>
Fund balance at end of year				<u>\$ 35,535</u>	<u>\$ 12,252</u>
Recapitulation:					
Restricted:					
Student Activities				<u>\$ 35,535</u>	<u>35,535</u>

**NOTES TO THE REQUIRED  
SUPPLEMENTARY INFORMATION**

**PART II**

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY GAAP RECONCILIATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2022**

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

	<u>General Fund</u>		<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule:	[C-1] \$ 35,290,526		[C-2] 5,022,359
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-		-
Last State aid payment recognized for budgetary purposes only.	-		-
General Fund contribution to Early Childhood Program Aid.	-		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2] <u>35,290,526</u>		[B-2] <u>5,022,359</u>
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] 28,328,820		[C-2] 5,006,356
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 reporting purposes.	-		-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes. Net transfer (outflows) to general fund	-		-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] <u>\$ 28,328,820</u>		[B-2] <u>\$ 5,006,356</u>

Note A -The general fund budget basis of the use/outflow of resources is GAAP, therefore no reconciliation is required.

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART III**

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

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHARTER SCHOOL'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY - PERS**

**LAST TEN FISCAL YEARS (1)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Charter School's proportion of the net pension liability (asset)	0.000500720584%	0.00061077953%	0.0705552755%	0.0662089355%	0.0471549230%	0.0348643606%	0.0259848477%	0.0260107656%
Charter School's proportionate share of the net pension liability (asset)	\$ 5,931,786	\$ 9,960,217	\$ 12,712,990	\$ 13,036,210	\$ 10,976,913	\$ 10,325,824	\$ 5,833,078	\$ 4,869,927
Charter School's covered-employee payroll	\$ 5,829,369	\$ 4,486,343	\$ 5,242,015	\$ 6,944,253	\$ 7,729,503	\$ 7,821,775	\$ 1,992,972	\$ 1,992,972
Charter School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	101.76%	222.01%	242.52%	187.73%	142.01%	132.01%	292.68%	244.36%
Plan fiduciary net position as a percentage of the total pension liability	70.33%	58.32%	53.60%	53.60%	48.10%	40.14%	47.92%	52.08%

Note - The amounts presented for each fiscal year were determined as of June 30 measurement date of the prior fiscal year.

(1) The Charter School implemented GASB 68, *Accounting and Financial Reporting for Pension* in fiscal year 2015. No data is available prior to fiscal year 2015.

MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHARTER SCHOOL'S CONTRIBUTIONS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

LAST TEN FISCAL YEARS (1)

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 586,402	\$ 668,162	\$ 686,295	\$ 658,565	\$ 436,840	\$ 309,730	\$ 223,400	\$ 215,281
Contributions in relation to the contractually required contribution	<u>(586,402)</u>	<u>(668,162)</u>	<u>(686,295)</u>	<u>(658,565)</u>	<u>(436,840)</u>	<u>(309,730)</u>	<u>(223,400)</u>	<u>(215,281)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered-employee payroll	\$ 5,829,369	\$ 4,486,343	\$ 5,242,015	\$ 6,944,253	\$ 7,729,503	\$ 7,821,775	\$ 1,992,972	\$ 1,992,972
Contributions as a percentage of covered-employee payroll	10.06%	14.89%	13.09%	9.48%	5.65%	3.96%	11.21%	10.80%

Note - The amounts presented for each fiscal year were determined as of June 30 measurement date of the prior fiscal year.

(1) The Charter School implemented GASB 68, *Accounting and Financial Reporting for Pension* in fiscal year 2015. No data is available prior to fiscal year 2015.



**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHARTER SCHOOL'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY - TPAF**

**LAST TEN FISCAL YEARS (1)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Charter School's proportion of the net pension liability (asset)	0.0751361204%	0.0869592716%	0.0724714455%	0.0578632441%	0.0502994193%	0.0459958380%	0.0440804413%	0.0403614824%
State proportionate share of net pension liability attributable to the Charter School	\$ 36,121,832	\$ 57,261,634	\$ 44,476,410	\$ 36,811,353	\$ 33,913,683	\$ 36,183,255	\$ 27,860,721	\$ 21,571,899
Charter School's covered-employee payroll	\$ 8,126,314	\$ 9,318,424	\$ 8,415,336	\$ 8,784,933	\$ 5,972,374	\$ 7,194,429	\$ 4,212,142	\$ 5,397,350
Charter School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	444.50%	614.50%	528.52%	419.03%	567.84%	502.93%	661.44%	399.68%
Plan fiduciary net position as a percentage of the total pension liability	35.52%	24.60%	26.49%	26.49%	25.41%	22.33%	28.71%	33.64%

Note - The amounts presented for each fiscal year were determined as of June 30 measurement date of the prior fiscal year.

(1) The Charter School implemented GASB 68, *Accounting and Financial Reporting for Pension* in fiscal year 2015. No data is available prior to fiscal year 2015.

**NOTES TO THE REQUIRED  
SUPPLEMENTARY INFORMATION**

**PART III**

**MARION P. THOMAS CHARTER SCHOOL  
(COUNTY OF ESSEX, NEW JERSEY)**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART III  
YEAR ENDED JUNE 30, 2022**

**Public Employees Retirement System (PERS)**

*Change in benefit terms.* There was no change in the benefit terms.

*Change in assumptions.* The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. The discount rate used to measure the total pension liability did not change at 7.00%.

**Teachers Pension and Annuity Fund (TPAF)**

*Change in benefit terms.* There is no change in the benefit terms.

*Change in assumptions.* The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. The discount rate used to measure the total pension liability changed from 5.40% to 7.00% in the current measurement date. This change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 68.

The discount rate of 7.00% (5.40% in prior measurement date) at the June 30, 2021 measurement date was based on 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 100% (78% in prior measurement date) of the actuarially determined contributions for the State.

**Other Post-employment Benefits (OPEB)**

Change in benefit terms. There is no change in the benefit terms.

Change in assumptions. The calculation of the discount rate used to measure the total nonemployer OPEB liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. The discount rate used to measure the total pension liability changed from 2.21% to 2.16% in the current measurement date. This change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 75. 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.

**SCHEDULES RELATED TO ACCOUNTING  
AND REPORTING FOR OPEB (GASB 75)**

NAME OF CHARTER SCHOOL  
(COUNTY OF ESSEX, NEW JERSEY)

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE CHARTER SCHOOL'S TOTAL  
OPEB LIABILITY AND RELATED RATIOS

LAST TEN FISCAL YEARS (1)

	Fiscal Year Ended June 30,				
	2022	2021	2020	2019	2018
Charter School's proportion of the Total OPEB Liability (Asset)	0%	0%	0%	0%	0%
Charter School's proportionate share of the Total OPEB Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the Total OPEB Liability (Asset) associated with the Charter School	\$ 14,485,792	\$ 19,427,072	\$ 12,290,939	\$ 10,810,594	\$ 12,049,670
Charter School Covered-employee payroll <sup>(2)</sup>	\$ 13,955,683	\$ 13,804,768	\$ 13,657,350	\$ 15,729,186	\$ 13,701,877
Charter School's proportionate share of the Total OPEB Liability (Asset) as a percentage of its covered-employee payroll	0%	0%	0%	0%	0%
Plan fiduciary net position as a percentage of the total OPEB Liability	0%	0%	0%	0%	0%
Total State OPEB Liability Attributable to Charter School					
Service cost	3,003,373	1,949,935	1,733,678	1,628,328	1,962,900
Interest	375,777	492,741	478,447	484,720	396,209
Difference between expected and actual experience	(8,032,903)	1,472,757	(548,928)	(1,832,475)	-
Change of benefit terms	(15,418)				
Changes in assumptions and other inputs	14,291	3,548,658	183,259	(1,240,569)	(2,113,271)
Benefit payments	9,607	10,251	11,184	9,991	(279,096)
Contributions from the member	(296,007)	(338,209)	(377,295)	(289,071)	10,277
Net Change in Total State OPEB Liability Attributable to	(4,941,280)	7,136,133	1,480,345	(1,239,076)	(22,981)
Total State OPEB Liability Attributable to Charter School:					
At beginning of year	\$ 19,427,072	\$ 12,290,939	10,810,594	12,049,670	12,072,651
At end of year	\$ 14,485,792	\$ 19,427,072	\$ 12,290,939	\$ 10,810,594	\$ 12,049,670
Total State OPEB liability as a percentage of Charter School covered-employee payroll	103.80%	140.73%	90.00%	68.73%	87.94%

Note - The amounts presented for the fiscal year was determined as of June 30 measurement date of the prior fiscal year.

(1) The Charter School implemented GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in fiscal year 2018. No data is available prior to fiscal year 2018.

(2) Covered payroll was based on the Charter School's payroll for the year ended June 30.

## **OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND**

SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS

YEAR ENDED JUNE 30, 2022

	Every Student Succeeds Act (E.S.S.A.)				American Rescue Plan (ARP) - IDEA		IDEA		COVID-19 Grants				Charter and Renaissance School Project Emergent and Capital Maintenance		Other Local Grants	Student Activities	Total
	Title I, Part A	Title I, SIA	Title II, Part A	Title III	Basic Grants	Preschool Grants	Preschool Grants	Part B (Grants to States)	Education Stabilization Fund (CARES Act)	CRRSA ESSER II	ESSER II - Learning Acceleration Grant	Perkins Grant					
<b>Revenues</b>																	
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,584	\$ 38,985	\$ 96,569	
Federal Sources	1,102,304	323,355	85,806	5,569	82,329	6,973	12,079	333,702	315,570	1,361,898	89,129	77,112	-	-	-	3,795,826	
State Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	124,460	-	124,460	
<b>Total revenues</b>	<b>1,102,304</b>	<b>323,355</b>	<b>85,806</b>	<b>5,569</b>	<b>82,329</b>	<b>6,973</b>	<b>12,079</b>	<b>333,702</b>	<b>315,570</b>	<b>1,361,898</b>	<b>89,129</b>	<b>77,112</b>	<b>124,460</b>	<b>57,584</b>	<b>38,985</b>	<b>4,016,855</b>	
<b>Expenditures</b>																	
Instruction:																	
Salaries	500,000	138,621	-	-	-	-	-	241,001	-	-	89,129	-	-	-	-	968,751	
Purchased professional and technical services	-	-	-	-	-	-	-	-	274,201	190,769	-	3,608	-	1,950	-	470,528	
Other purchased services (400-500 series)	-	-	-	-	82,329	-	-	74,264	-	-	-	-	-	1,200	-	157,793	
Instructional supplies	293,220	125,000	-	5,569	-	6,973	12,079	-	3,688	370,402	-	-	-	-	-	816,931	
Student activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	46,265	46,265	
<b>Total instruction</b>	<b>793,220</b>	<b>263,621</b>	<b>-</b>	<b>5,569</b>	<b>82,329</b>	<b>6,973</b>	<b>12,079</b>	<b>315,265</b>	<b>277,889</b>	<b>561,171</b>	<b>89,129</b>	<b>3,608</b>	<b>-</b>	<b>3,150</b>	<b>46,265</b>	<b>2,460,268</b>	
Support services:																	
Salaries - support	64,175	-	-	-	-	-	-	-	6,370	-	-	8,844	-	-	-	79,389	
Employee benefits	229,909	10,605	-	-	-	-	-	18,437	-	-	-	677	-	-	-	259,628	
Purchased Professional - Educational Services	10,000	49,129	85,806	-	-	-	-	-	8,028	689,199	-	-	1,591	45,000	-	888,753	
Other purchased services	-	-	-	-	-	-	-	-	-	-	-	-	25,160	-	-	25,160	
Contracted Services - Transportation (Between Home and School)	-	-	-	-	-	-	-	-	23,283	-	-	-	-	-	-	23,283	
Supplies and materials	5,000	-	-	-	-	-	-	-	-	111,528	-	2,000	-	9,434	-	127,962	
General Supplies	-	-	-	-	-	-	-	-	-	-	-	20,735	-	-	-	20,735	
Other objects	-	-	-	-	-	-	-	-	-	-	-	2,500	-	-	-	2,500	
<b>Total support services</b>	<b>309,084</b>	<b>59,734</b>	<b>85,806</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,437</b>	<b>37,681</b>	<b>800,727</b>	<b>-</b>	<b>61,507</b>	<b>-</b>	<b>54,434</b>	<b>-</b>	<b>1,427,410</b>	
Facilities acquisition and construction services:																	
Instructional equipment	-	-	-	-	-	-	-	-	-	-	-	11,997	-	-	-	11,997	
Non-instructional equipment	-	-	-	-	-	-	-	-	-	-	-	-	124,460	-	-	124,460	
<b>Total facilities acquisition and construction services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,997</b>	<b>124,460</b>	<b>-</b>	<b>-</b>	<b>136,457</b>	
<b>Total expenditures</b>	<b>1,102,304</b>	<b>323,355</b>	<b>85,806</b>	<b>5,569</b>	<b>82,329</b>	<b>6,973</b>	<b>12,079</b>	<b>333,702</b>	<b>315,570</b>	<b>1,361,898</b>	<b>89,129</b>	<b>77,112</b>	<b>124,460</b>	<b>57,584</b>	<b>46,265</b>	<b>4,024,135</b>	
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7,280)	\$ (7,280)	
Fund Balance at beginning of year																19,532	19,532
																-	-
Fund Balance at beginning of year																19,532	19,532
Fund Balance at end of year																\$ 12,252	\$ 12,252



MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)

SPECIAL REVENUE FUND

SCHEDULE OF PRESCHOOL EDUCATION AID - BUDGETARY BASIS

YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of teachers	\$ 317,120	-	\$ 317,120	\$ 317,120	\$ -
Other salaries for instruction	224,974	-	224,974	224,974	-
Purchased professional and technical services	290	-	290	290	-
Instructional supplies	<u>72,932</u>	<u>-</u>	<u>72,932</u>	<u>72,932</u>	<u>-</u>
Total instruction	<u>615,316</u>	<u>-</u>	<u>615,316</u>	<u>615,316</u>	<u>-</u>
<b>Support services</b>					
Other salaries for support services	62,833	-	62,833	62,833	-
Purchased professional educational services	232,006	-	232,006	232,006	-
Travel	3,308	-	3,308	3,308	-
Principal and interest on leases	67,111	-	67,111	67,111	-
Supplies	<u>24,930</u>	<u>-</u>	<u>24,930</u>	<u>24,930</u>	<u>-</u>
Total support services	<u>390,188</u>	<u>-</u>	<u>390,188</u>	<u>390,188</u>	<u>-</u>
<b>Total Expenditures</b>	<u>\$ 1,005,504</u>	<u>\$ -</u>	<u>\$ 1,005,504</u>	<u>\$ 1,005,504</u>	<u>\$ -</u>

**CALCULATION OF BUDGET AND CARRYOVER**

Total revised 2021-22 Preschool Education Aid Allocation	\$ 938,394
Add: Actual ECPA/PEA Carryover (June 30, 2022)	67,110
Add: Budgeted Transfer from the General Fund	<u>-</u>
Total Preschool Education Aid Funds Available for 2021-22 Budget	1,005,504
Less: 2021-22 Budgeted Preschool Education Aid (Including Prior year budget carryover)	<u>1,005,504</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2022	\$ -
Add: June 30, 2022 Unexpended Preschool Education Aid 2020-21 Carryover - Preschool Education Aid Programs	<u>-</u>
	<u>\$ -</u>
Budgeted for Preschool Programs 2022-23	<u>\$ -</u>

## **CAPITAL PROJECTS FUND**

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by propriety funds.

At June 30, 2022, there was no capital project fund.

## **ENTERPRISE FUNDS**

Enterprise 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 is that the costs of providing goods and services be financed through user charges. The Charter School has the Food Service and After Care in its Enterprise Fund to account for the operation of food services and after care.

MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)

ENTERPRISE FUND

COMBINING SCHEDULE OF NET POSITION

JUNE 30, 2022

	<u>AFTER CARE</u>	<u>FOOD SERVICE</u>	<u>TOTAL</u>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ -	\$ 65,490	\$ 65,490
Accounts receivable:			
Federal	-	153,881	153,881
State	-	2,247	2,247
Interfund receivable - Food Service	<u>323,372</u>	<u>(323,372)</u>	<u>-</u>
Total current assets	<u>323,372</u>	<u>(101,754)</u>	<u>221,618</u>
Right-of-use assets:			
Leased building	-	311,739	311,739
Accumulated amortization	<u>-</u>	<u>(311,739)</u>	<u>(311,739)</u>
Right-of-use assets, net	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 323,372</u>	<u>\$ (101,754)</u>	<u>\$ 221,618</u>
<b>Liabilities and Net Position</b>			
Current liabilities:			
Interfund payable - General Fund	<u>\$ -</u>	<u>\$ (258,553)</u>	<u>\$ (258,553)</u>
Total current liabilities	-	(258,553)	(258,553)
Net position			
Unrestricted	<u>323,372</u>	<u>156,799</u>	<u>480,171</u>
Total liabilities and net position	<u>\$ 323,372</u>	<u>\$ (101,754)</u>	<u>\$ 221,618</u>

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**ENTERPRISE FUND**

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**

**YEAR ENDED JUNE 30, 2022**

	<u>AFTER CARE</u>	<u>FOOD SERVICE</u>	<u>TOTAL</u>
Operating revenues:			
Charges for services:			
Miscellaneous	\$ 53,865	\$ 31,420	\$ 85,285
Total operating revenues	<u>53,865</u>	<u>31,420</u>	<u>85,285</u>
Operating expenses:			
Cost of sales - reimbursable programs	-	1,090,237	1,090,237
Salaries	-	3,039	3,039
Cleaning, repairs and maintenance	-	57,321	57,321
Energy cost	-	33,212	33,212
Supplies and materials	-	6,459	6,459
Amortization of right-of-use assets	-	311,739	311,739
Miscellaneous	51,997	3,508	55,505
Total operating expenses	<u>51,997</u>	<u>1,505,515</u>	<u>1,557,512</u>
Operating income (loss)	<u>1,868</u>	<u>(1,474,095)</u>	<u>(1,472,227)</u>
Nonoperating revenues:			
State sources:			
State School Lunch	-	26,271	26,271
Federal sources:			
COVID-19 - National School Lunch - SSO	-	1,194,820	1,194,820
COVID-19 - National School Breakfast - SSO	-	504,463	504,463
COVID-19 - Fresh Fruit and Vegetable - SSO	-	45,134	45,134
Food Commodities	-	53,633	53,633
COVID-19 - EM Schools	-	123,844	123,844
COVID-19 - Pandemic EBT Administrative Costs	-	3,135	3,135
Total nonoperating revenues	<u>-</u>	<u>1,951,300</u>	<u>1,951,300</u>
Net income	1,868	477,205	479,073
Other financing sources (uses):			
Interest expenses on leases	-	(124,082)	(124,082)
Changes in net position	1,868	353,123	354,991
Net position at beginning of year, as reported	321,504	(232,145)	89,359
Prior period adjustment	-	35,821	35,821
Net position at beginning of year, as restated	<u>321,504</u>	<u>(196,324)</u>	<u>125,180</u>
Total net position at end of year	<u>\$ 323,372</u>	<u>\$ 156,799</u>	<u>\$ 480,171</u>

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**ENTERPRISE FUND**

**COMBINING SCHEDULE OF CASH FLOWS**

**YEAR ENDED JUNE 30, 2022**

	<u>AFTER CARE</u>	<u>FOOD SERVICE</u>	<u>TOTAL</u>
<b>Cash flows from operating activities</b>			
Operating income (loss)	\$ 1,868	\$ (1,474,095)	\$ (1,472,227)
Adjustment to reconcile operating loss to net cash from operating activities			
Amortization of right-of-use assets	-	311,739	311,739
Changes in assets and liabilities:			
Accounts receivable	-	(89,044)	(89,044)
Interfund receivable	(159,933)	159,933	-
Accounts payable	-	(56,627)	(56,627)
Interfund payable	-	(337,716)	(337,716)
Net cash used by operating activities	<u>(158,065)</u>	<u>(1,485,810)</u>	<u>(1,643,875)</u>
<b>Cash flows from noncapital financing activities</b>			
Cash received from state and federal reimbursements	-	1,951,300	1,951,300
Net cash from noncapital financing activities	<u>-</u>	<u>1,951,300</u>	<u>1,951,300</u>
<b>Cash flows from capital financing activities</b>			
Cash paid for lease liabilities	-	(275,918)	(275,918)
Cash paid for interest	-	(124,082)	(124,082)
Net cash used by capital financing activities	<u>-</u>	<u>(400,000)</u>	<u>(400,000)</u>
Net increase in cash and cash equivalents	-	65,490	(92,575)
Cash and cash equivalents at beginning of year	<u>158,065</u>	<u>-</u>	<u>158,065</u>
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ 65,490</u>	<u>\$ -</u>

## **FIDUCIARY FUNDS**

Trust Fund. Accounts for assets held in a trustee capacity for others and therefore cannot be used to support the Charter School's own programs which are as follow:

- a. Pension and Other Employee Benefit Trust. Accounts for resources held in trust for the members and beneficiaries of various employee benefit plans.
- b. Investment Trust Fund. Accounts for the portion of investment pools reported by the sponsoring district.
- c. Private Purpose Trust Fund. Accounts for all other trust arrangements, such as a scholarship fund to benefit individual students.

Custodial Fund. Accounts for resources held by the Charter School in a purely custodial capacity that involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Charter School must maintain the financial integrity of the individual agencies through a separate accounting of each activity for which the Charter School is acting as an agent. Custodial funds would include parent-teacher organizations.

At June 30, 2022, the Charter School do not have a Trust Fund nor Custodial Fund.

## **LONG-TERM DEBT**

The long-term debt is used to record the outstanding principal balances of the noncurrent liabilities of the charter school. This includes the outstanding principal balance on leases, the accrued liability for insurance claims and the liability for compensated absences and the outstanding principal balance on certificates of participation outstanding or mortgage note payable.



ACHIEVE COMMUNITY CHARTER SCHOOL  
(COUNTY OF ESSEX, NEW JERSEY)

EXHIBIT I-2

LONG-TERM DEBT

SCHEDULE OF OBLIGATIONS UNDER LEASES

YEAR ENDED JUNE 30, 2022

<u>Purpose</u>	<u>Date of Original Issue</u>	<u>Term of Lease</u>	<u>Amount of Original Lease</u>		<u>Interest Rate</u>	<u>Balance at 6/30/2021</u>	<u>Issued Current year</u>	<u>Retired Current Year</u>	<u>Balance at 6/30/2022</u>
			<u>Principal</u>	<u>Interest</u>					
School Building Lease - Shipman	11/1/2018	1/1/2018 to 6/30/2027	\$ 2,880,326	\$ 8,470,767	6.25%	\$ 2,197,187	\$ -	\$ 333,910	\$ 1,863,277
School Building Lease - Burnett	11/1/2018	1/1/2018 to 6/30/2027	5,762,257	1,649,051	6.25%	4,177,073	-	658,305	3,518,768
School Building Lease - Clinton	11/1/2018	1/1/2018 to 6/30/2027	2,974,068	874,349	6.25%	2,216,484	-	336,244	1,880,240
School Building Lease - Sussex	7/1/2019	7/1/2019 to 6/30/2027	6,721,100	1,856,900	6.25%	5,419,096	-	838,796	4,580,300
School Building Lease - South 7th	5/1/2020	7/1/2020 to 6/30/2027	3,482,334	549,666	4.25%	2,951,797	-	508,184	2,443,613
						<u>\$ 16,961,637</u>	<u>\$ -</u>	<u>\$ 2,675,439</u>	<u>\$ 14,286,198</u>

# **STATISTICAL SECTION**

Unless otherwise noted, the information in these Schedules is derived from the Annual Comprehensive Financial Reports (ACFR) for the relevant year.

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**INTRODUCTION TO THE STATISTICAL SECTION**

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	<b>89</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	<b>N/A</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the district' s current levels of outstanding debt and the district's ability to issue additional debt in the future.	<b>94</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	<b>95</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	<b>97</b>

**Sources:**

*Schedules are derived from the annual comprehensive financial reports (ACFR) for the relevant year. The charter school implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting charter-wide information include information beginning in that year.*

MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)

NET ASSETS BY COMPONENT  
Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities										
Invested in capital assets, net of related debt	\$ 293,402	\$ 200,557	\$ 164,337	\$ 196,742	\$ 235,580	\$ 301,970	\$ 314,890	\$ 356,825	\$ 141,352	\$ 38,653
Invested in right-of-use assets, net of related debt	(896,215)	-	-	-	-	-	-	-	-	-
Restricted	-	232,145	634,029	781,410	659,025	540,512	439,046	423,703	164,565	150,046
Unrestricted	<u>2,448,738</u>	<u>(5,323,906)</u>	<u>(6,869,050)</u>	<u>(6,687,320)</u>	<u>(5,509,275)</u>	<u>(1,886,990)</u>	<u>1,278,350</u>	<u>1,775,247</u>	<u>1,620,345</u>	<u>510,809</u>
Total governmental activities net assets	<u>\$ 1,845,925</u>	<u>\$ (4,891,204)</u>	<u>\$ (6,070,684)</u>	<u>\$ (5,709,168)</u>	<u>\$ (4,614,670)</u>	<u>\$ (1,044,508)</u>	<u>\$ 2,032,286</u>	<u>\$ 2,555,775</u>	<u>\$ 1,926,262</u>	<u>\$ 699,508</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Invested in right-of-use assets, net of related debt	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>480,171</u>	<u>89,359</u>	<u>(312,570)</u>	<u>(474,950)</u>	<u>(368,118)</u>	<u>(270,340)</u>	<u>(216,164)</u>	<u>(265,869)</u>	<u>(57,228)</u>	<u>(82,962)</u>
Total business-type activities net assets	<u>\$ 480,171</u>	<u>\$ 89,359</u>	<u>\$ (312,570)</u>	<u>\$ (474,950)</u>	<u>\$ (368,118)</u>	<u>\$ (270,340)</u>	<u>\$ (216,164)</u>	<u>\$ (265,869)</u>	<u>\$ (57,228)</u>	<u>\$ (82,962)</u>
Charter School-wide										
Invested in capital assets, net of related debt	\$ 293,402	\$ 200,557	\$ 164,337	\$ 196,742	\$ 235,580	\$ 301,970	\$ 314,890	\$ 356,825	\$ 141,352	\$ 38,653
Invested in right-of-use assets, net of related debt	(896,215)	-	-	-	-	-	-	-	-	-
Restricted	-	232,145	634,029	781,410	659,025	540,512	439,046	423,703	164,565	150,046
Unrestricted	<u>2,928,909</u>	<u>(5,234,547)</u>	<u>(7,181,620)</u>	<u>(7,162,270)</u>	<u>(5,877,393)</u>	<u>(2,157,330)</u>	<u>1,062,186</u>	<u>1,509,378</u>	<u>1,563,117</u>	<u>427,847</u>
Total Charter School net assets	<u>\$ 2,326,096</u>	<u>\$ (4,801,845)</u>	<u>\$ (6,383,254)</u>	<u>\$ (6,184,118)</u>	<u>\$ (4,982,788)</u>	<u>\$ (1,314,848)</u>	<u>\$ 1,816,122</u>	<u>\$ 2,289,906</u>	<u>\$ 1,869,034</u>	<u>\$ 616,546</u>

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**CHANGES IN NET ASSETS/NET POSITION  
Last Ten Fiscal Years**

(Accrual basis of accounting)

	Fiscal Year Endend June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Expenses</b>										
Governmental activities										
Instruction	\$ 15,723,933	\$ 20,707,525	\$ 20,203,799	\$ 18,577,226	20,999,050	\$ 17,951,352	\$ 14,240,570	\$ 11,211,304	\$ 6,126,956	\$ 6,041,944
Administrative	7,589,635	8,484,418	6,784,554	6,928,898	4,752,713	4,186,190	3,789,171	2,972,753	2,092,355	1,700,384
Support Services	7,829,355	5,664,502	7,595,514	9,912,676	7,912,986	8,183,922	7,469,628	6,566,535	3,340,273	2,855,555
Unallocated										
Capital Outlay	19,076	-	-	10,350	16,500	3,000	1,098	-	15,790	-
Depreciation	94,376	68,956	68,958	93,911	131,441	94,013	99,457	95,819	12,201	63,087
Amortizaion of right-of-use assets	2,366,257	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	<u>33,622,632</u>	<u>34,925,401</u>	<u>34,652,825</u>	<u>35,523,061</u>	<u>33,812,690</u>	<u>30,418,477</u>	<u>25,599,924</u>	<u>20,846,411</u>	<u>11,587,575</u>	<u>10,660,970</u>
Business-type activities:										
Food service	1,629,597	653,062	840,390	1,011,348	1,034,773	864,079	852,419	854,144	537,825	529,043
Child Care	51,997	-	20,919	73,757	61,907	66,546	68,758	44,009	19,300	11,955
Total business-type activities expense	<u>1,681,594</u>	<u>653,062</u>	<u>861,309</u>	<u>1,085,105</u>	<u>1,096,680</u>	<u>930,625</u>	<u>921,177</u>	<u>898,153</u>	<u>557,125</u>	<u>540,998</u>
Total district expenses	<u>\$ 35,304,226</u>	<u>\$ 35,578,463</u>	<u>\$ 35,514,134</u>	<u>\$ 36,608,166</u>	<u>\$ 34,909,370</u>	<u>\$ 31,349,102</u>	<u>\$ 26,521,101</u>	<u>\$ 21,744,564</u>	<u>\$ 12,144,700</u>	<u>\$ 11,201,968</u>
<b>Program Revenues</b>										
Governmental activities:										
Operating grants and contributions	\$ 10,055,412	\$ 9,870,657	\$ 8,431,263	\$ 7,659,312	\$ 7,108,519	\$ 4,778,739	\$ 4,349,758	\$ 3,047,857	\$ 2,366,354	\$ 2,351,882
Student activity	38,985	24,957	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>10,094,397</u>	<u>9,870,657</u>	<u>8,431,263</u>	<u>7,659,312</u>	<u>7,108,519</u>	<u>4,778,739</u>	<u>4,349,758</u>	<u>3,047,857</u>	<u>2,366,354</u>	<u>2,351,882</u>
Business-type activities:										
Charges for services										
Food service	-	45	38,332	28,589	24,364	25,266	16,767	6,283	5,672	9,468
Child care	53,865	-	35,918	89,310	82,642	113,836	133,806	94,506	59,553	43,032
Operating grants and contributions	1,951,300	754,946	649,439	860,374	726,896	617,347	680,309	578,151	517,634	490,283
Transfers	-	300,000	300,000	-	165,000	120,000	140,000	-	-	-
Total business type activities program revenues	<u>2,005,165</u>	<u>1,054,991</u>	<u>1,023,689</u>	<u>978,273</u>	<u>998,902</u>	<u>876,449</u>	<u>970,882</u>	<u>678,940</u>	<u>582,859</u>	<u>542,783</u>
Total charter school program revenues	<u>12,099,562</u>	<u>10,925,648</u>	<u>9,454,952</u>	<u>8,637,585</u>	<u>8,107,421</u>	<u>5,655,188</u>	<u>5,320,640</u>	<u>3,726,797</u>	<u>2,949,213</u>	<u>2,894,665</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	(23,528,235)	(25,054,744)	(26,221,562)	(27,863,749)	(26,704,171)	(25,639,738)	(21,250,166)	(17,798,554)	(9,221,221)	(8,309,088)
Business-type activities	323,571	401,929	162,380	(106,832)	(97,778)	(54,176)	49,705	(219,213)	25,734	1,785
Total charter school-wide net expense	<u>\$ (23,204,664)</u>	<u>\$ (24,652,815)</u>	<u>\$ (26,059,182)</u>	<u>\$ (27,970,581)</u>	<u>\$ (26,801,949)</u>	<u>\$ (25,693,914)</u>	<u>\$ (21,200,461)</u>	<u>\$ (18,017,767)</u>	<u>\$ (9,195,487)</u>	<u>\$ (8,307,303)</u>

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**CHANGES IN NET ASSETS/NET POSITION  
Last Ten Fiscal Years**

*(Accrual basis of accounting)*

	<b>Fiscal Year Endend June 30,</b>									
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 25,761,699	\$ 26,399,270	\$ 25,975,760	\$ 26,710,505	\$ 23,236,408	\$ 22,662,022	\$ 20,860,196	\$ 19,757,042	\$ 10,442,830	\$ 8,793,320
Semi-reimbursements	21,412	31,062	23,156	48,136	60,456	16,763	-	-	-	-
Miscellaneous	4,417,833	53,930	161,130	10,610	2,145	4,159	6,481	7,351	5,145	3,166
Sublease revenue	783,823	-	-	-	-	-	-	-	-	-
Transfers	-	(300,000)	(300,000)	-	(165,000)	(120,000)	(140,000)	-	-	-
Total governmental activities	<u>30,984,767</u>	<u>26,184,262</u>	<u>25,860,046</u>	<u>26,769,251</u>	<u>23,134,009</u>	<u>22,562,944</u>	<u>20,726,677</u>	<u>19,764,393</u>	<u>10,447,975</u>	<u>8,796,486</u>
Total Charter School-wide	<u>\$ 30,984,767</u>	<u>\$ 26,184,262</u>	<u>\$ 25,860,046</u>	<u>\$ 26,769,251</u>	<u>\$ 23,134,009</u>	<u>\$ 22,562,944</u>	<u>\$ 20,726,677</u>	<u>\$ 19,764,393</u>	<u>\$ 10,447,975</u>	<u>\$ 8,796,486</u>
<b>Changes in Net Assets/Net Position</b>										
Governmental activities	\$ 7,456,532	\$ 1,129,518	\$ (361,516)	\$ (1,094,498)	\$ (3,570,162)	\$ (3,076,794)	\$ (523,489)	\$ 1,965,839	\$ 1,226,754	\$ (206,816)
Business-type activities	<u>323,571</u>	<u>401,929</u>	<u>162,380</u>	<u>(106,832)</u>	<u>(97,778)</u>	<u>(54,176)</u>	<u>49,705</u>	<u>(219,213)</u>	<u>25,734</u>	<u>(53,247)</u>
Total Charter School	<u>\$ 7,780,103</u>	<u>\$ 1,531,447</u>	<u>\$ (199,136)</u>	<u>\$ (1,201,330)</u>	<u>\$ (3,667,940)</u>	<u>\$ (3,130,970)</u>	<u>\$ (473,784)</u>	<u>\$ 1,746,626</u>	<u>\$ 1,252,488</u>	<u>\$ (260,063)</u>

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**FUND BALANCES - GOVERNMENTAL FUNDS**

**Last Ten Fiscal Years**

*(Modified accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund										
Assigned	\$ 12,252	\$ 1,635,498	\$ -	\$ 45,762	\$ 97,207	\$ 94,623	\$ 344,921	\$ 894,209	\$ 652,818	\$ 239,034
Unassigned	<u>13,831,890</u>	<u>5,234,686</u>	<u>4,645,685</u>	<u>3,154,643</u>	<u>2,420,639</u>	<u>4,629,882</u>	<u>6,526,412</u>	<u>5,830,730</u>	<u>1,267,798</u>	<u>565,648</u>
Total general fund	<u>\$13,844,142</u>	<u>\$ 4,645,685</u>	<u>\$ 4,645,685</u>	<u>\$ 3,200,405</u>	<u>\$ 2,517,846</u>	<u>\$ 4,724,505</u>	<u>\$ 6,871,333</u>	<u>\$ 6,724,939</u>	<u>\$ 1,920,616</u>	<u>\$ 804,682</u>

MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
Last Ten Fiscal Years  
(Unaudited)

Function	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Revenues</b>										
Local Sources:										
Local tax levy	\$ 2,656,606	\$ 2,812,487	\$ 3,052,212	\$ 3,147,679	\$ 2,955,501	\$ 2,849,977	\$ 2,782,468	\$ 2,618,739	\$ 1,372,596	\$ 1,126,597
Miscellaneous	603,607	301,253	163,101	105,395	16,483	84,762	71,073	45,020	220,445	27,250
Grants and contributions	3,805,270	-	-	-	-	-	-	-	-	-
State sources	28,511,156	27,673,948	24,428,451	24,703,140	20,802,535	20,342,612	19,871,926	19,005,460	10,580,616	9,046,327
Federal sources	3,817,238	2,313,079	1,541,001	1,447,117	1,332,121	994,249	1,047,911	820,576	640,672	812,227
<b>Total Revenues</b>	<b>39,393,877</b>	<b>29,184,765</b>	<b>29,184,765</b>	<b>29,403,331</b>	<b>25,106,640</b>	<b>24,271,600</b>	<b>23,773,378</b>	<b>22,489,795</b>	<b>12,814,329</b>	<b>11,012,401</b>
<b>Current expense:</b>										
Instruction	10,710,190	12,299,976	11,794,408	11,265,618	13,211,942	12,226,367	10,442,313	8,341,687	4,578,881	4,625,065
Administrative cost	12,689,698	12,502,944	9,439,204	10,056,325	7,953,708	7,528,386	6,717,143	6,022,405	4,102,178	3,445,737
Support services	6,898,924	5,710,198	6,205,873	7,779,959	6,012,648	6,540,675	6,268,908	5,730,382	2,939,336	2,516,786
Capital outlay	154,926	68,623	-	22,020	45,000	3,000	58,620	28,268	78,000	8,513
<b>Total Expenditures</b>	<b>30,453,738</b>	<b>27,439,485</b>	<b>27,439,485</b>	<b>46,960,206</b>	<b>41,189,654</b>	<b>40,367,489</b>	<b>36,473,035</b>	<b>31,875,529</b>	<b>18,739,909</b>	<b>16,558,624</b>
Excess (Deficiency) of Revenues Over Expenditures	8,940,139	2,519,026	1,745,280	279,409	(16,083,014)	(16,095,889)	(12,699,657)	2,367,053	(5,925,580)	(5,546,223)
Other financing sources(uses):										
Principal and interests received on subleases	919,008	-	-	-	-	-	-	-	-	-
Principal and interests payments on leases	(2,904,721)	-	-	-	-	-	-	-	-	-
Total other financing sources/(uses)	(1,985,713)	-	-	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ 6,954,426</b>	<b>\$ 1,745,280</b>	<b>\$ 1,745,280</b>	<b>\$ 279,409</b>	<b>\$ (16,083,014)</b>	<b>\$ (16,095,889)</b>	<b>\$ (12,699,657)</b>	<b>\$ 2,367,053</b>	<b>\$ (5,925,580)</b>	<b>\$ (5,546,223)</b>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.05%	0.06%	0.03%	0.00%	0.02%	0.00%	0.04%	0.08%

Source: Charter school's records.

Note: Noncapital expenditures are total expenditures less capital outlay.



MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)

RATIOS OF OUTSTANDING DEBT BY TYPE  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities	Total Charter School
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	
2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	-	-	51,371	-	-	51,371
2020	-	-	87,924	-	-	87,924
2019	-	-	124,476	-	-	124,476
2018	-	-	161,029	-	-	161,029
2017	-	-	197,852	-	-	197,852
2016	-	-	-	-	-	-
2015	-	-	-	-	-	-
2014	-	-	-	-	-	-
2013	-	-	-	-	-	-

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

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
Last Ten Fiscal Years**

<b>Year</b>	<b>Population <sup>a</sup></b>	<b>Personal Income <sup>b</sup></b>	<b>Per Capita Personal Income <sup>c</sup></b>	<b>Unemployment Rate <sup>d</sup></b>
2022	**	**	**	**
2021	307,220	**	**	10.60%
2020	282,520	\$ 19,916,812,440	\$ 70,497	14.70%
2019	282,903	18,650,946,081	65,927	6.00%
2018	282,223	17,927,087,183	63,521	7.00%
2017	281,340	17,628,483,060	62,659	7.50%
2016	280,612	17,042,969,820	60,735	7.90%
2015	279,484	16,599,952,180	59,395	8.80%
2014	278,765	15,926,680,745	57,133	10.20%
2013	277,941	15,160,013,904	54,544	7.90%

\*\* Data not available

**Source:**

<sup>a</sup> U.S. Census Bureau, Population Division

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented

<sup>c</sup> Per capita personal income was computed using Census Bureau midyear population estimates. All dollar estimates are in thousands of current dollars (not adjusted for inflation). Estimates for 2011-2018 reflect county population estimates available as of November 14, 2019.

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**PRINCIPAL EMPLOYERS  
Current Year and Ten Years Ago**

Employer	2022		2013	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
St. Barnabas Health Care System	21,000	**	21,000	**
Verizon	15,000	**	15,000	**
Prudential Ins. Co. of America	8,743	**	8,743	**
Rutgers University - Newark Campus	4,265	**	4,265	**
Continental Airlines				
Newark Board of Education	5,595	**	5,595	**
Automatic Data Processing	1,500	**	1,500	**
New Jersey Transit	11,500	**	11,500	**
City of Newark	4,000	**	4,000	**
Essex County		**		**
PSE&G	10,000	**	10,000	**
Ricoh Corporation	-		-	
Horizon Blue Cross/Blue Shield	2,700	**	2,700	**
UMDNJ University Hospital	-		-	
	<u>84,303</u>		<u>84,303</u>	

Note - Principal employers are that of Essex County

\*\* Information not available

Source: Essex County Economic Development Corporation

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**FULL-TIME EQUIVALENT CHARTER SCHOOL EMPLOYEES BY FUNCTION/PROGRAM  
Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year Ended June 30,</u>									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Instruction										
Regular	88	63	100	100	93	93	93	71	47	47
Special education	17	10	16	16	12	12	12	14	5	5
Other instruction	21	13	32	32	28	28	28	34	18	18
Support Services										
Student & instruction related services	5	25	27	27	30	30	30	19	2	2
General administration	13	12	8	8	6	6	6	6	5	5
Other administrative services	11	8	10	10	19	19	19	9	5	5
Central services	14	4	23	23	10	10	10	19	6	6
Administrative Information Technology	2	1	3	3	3	3	3	2	-	-
Plant operations and maintenance	7	6	13	13	18	18	18	16	4	4
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Other support services	11	1	-	-	17	17	17	15	6	6
Food Service	-	-	2	2	8	8	8	6	1	1
Child Care	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>189</b>	<b>234</b>	<b>234</b>	<b>234</b>	<b>244</b>	<b>244</b>	<b>244</b>	<b>211</b>	<b>1,390</b>	<b>99</b>

MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)

OPERATING STATISTICS

Last Ten Fiscal Years  
(Unaudited)

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Kindergarten	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
							Elementary	Middle School	High School				
2013	694	\$ 10,596,101	\$ 15,268	-4.6%	70	12.3	12.7	16	N/A	693.0	679	35.88%	98.00%
2014	748	11,698,395	15,640	2.4%	70	12.3	12.7	16	N/A	693.0	679	0.00%	98.00%
2015	1,272	20,122,742	15,820	1.2%	119	12.3	12.7	16	17	1290.0	1,264	86.15%	98.00%
2016	1,291	23,486,984	18,193	15.0%	133	12.3	12.7	16	17	1314.0	1,288	1.86%	98.00%
2017	1,331	27,335,612	20,538	12.9%	133	12.3	12.7	16	17	1314.0	1,288	0.00%	98.00%
2018	1,359	28,709,822	21,126	2.9%	133	12.3	12.7	16	17	1314.0	1,288	0.00%	98.00%
2019	1,481	31,217,141	21,078	-0.2%	148	12.3	12.7	16	17	1553.8	1,523	18.25%	98.00%
2020	1,489	30,101,296	20,216	-4.1%	148	12.3	12.7	16	17	1514.7	1,348	-2.52%	88.98%
2021	1,473	30,581,741	20,762	2.7%	86	12.3	12.7	16	17	1450.0	1,421	-4.27%	98.00%
2022	1,342	33,358,459	24,857	19.7%	126	12.3	12.7	16	17	1341.9	1,329	-7.46%	99.02%

Source: Charter School's Records

Note: Enrollment based on annual October Charter School count.

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

MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)

SCHOOL BUILDING INFORMATION  
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Square Feet	199,400	221,463	221,463	90,004	90,004	90,004	90,004	90,004	45,002	45,002
Capacity (students)	1,950	1,950	1,950	1,350	1,350	1,350	1,350	1,350	750	750
Enrollment	1,329	1,473	1,489	1,481	1,359	1,331	1,291	1,272	748	694

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**INSURANCE SCHEDULE**

**June 30, 2022  
(Unaudited)**

	<u>Coverage</u>	<u>Premium</u>
<b>Commercial Property &amp; General Liability:</b>		
Property:		
Property (Buildings & Contents)	\$ 88,744,208	\$ 85,891
Environmental	1,000,000	1,283
Equipment Breakdown	100,000,000	6,781
Restart (Demolition & Rebuild)	5,000,000	205
Crisis Management	1,000,000	243
Extra Expenses	50,000,000	Included in package
Valuable Papers	10,000,000	Included in package
Business Income	1,000,000	Included in package
Limited Builders Risk	10,000,000	Included in package
<b>Crime</b>		
Faithful Performance	250,000	221
Forgery or Alteration	25,000	14
Money & Securities	5,000	15
Money Orders/Counterfeit	5,000	15
Computer Fraud	250,000	62
Public Officials Bond:		
Board Chair	500,000	1,733
Chief School Administrator	500,000	1,418
<b>Comprehensive General Liability</b>	1,000,000	33,703
<b>Automobile Liability</b>	1,000,000	8,167
Auto Physical Damage	ACV	223
<b>Workers Compensation</b>	Statutory/3,000,000	304,560
Supplemental Indemnity	7 days	4,276
<b>School Leaders Errors &amp; Omissions</b>		54,515
Coverage A	1,000,000/3,000,000	
Coverage B	100,000/300,000	
<b>Umbrella</b>	5,000,000	Included in package
<b>Total New Jersey Schools Insurance Group</b>		503,136
<b>Directors and Officers Liability</b>		6,657
<b>Student Accident Liability</b>		10,962
<b>Bond - Treasurer</b>	500,000	701

MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)

CHARTER SCHOOL PERFORMANCE FRAMEWORK  
FINANCIAL PERFORMANCE  
FISCAL RATIOS

Multi-Year Information  
(Unaudited)

	2020 Audit	2021 Audit	2022 Audit	Source
Cash	\$ 4,561,384	\$ 10,198,904	\$ 8,992,935	Audit: Exhibit A-1
Current Assets (include cash)	6,031,876	12,412,062	15,541,339	Audit: Exhibit A-1
Current Liabilities	1,698,761	5,432,987	179,502	Audit: Exhibit A-1
Total Expenses	35,514,134	35,578,463	35,304,226	Audit: Exhibit A-2
Change in Net Position	(199,136)	1,556,404	7,780,103	Audit: Exhibit A-2
Final Average Daily Enrollment (exclude PK)*	1,489	1,473	1,342	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)	1,525	1,430	1,430	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/note/bond payable:</i>				
Depreciation Expense	68,958	68,956	94,376	Auditor/Workpapers
Interest Expense	21,764	-	-	Auditor/Workpapers
Principal Payments	-	-	-	Auditor/Workpapers
Interest Payments	-	-	-	Auditor/Workpapers

Performance Indicators	2020	2021	2022	3 YR CUM	Calculation****	Target****
<b>Near Term Indicators</b>						
1a. Current Ratio (working capital ratio)	3.55	2.28	86.58		Current Assets/Current Liabilities	> 1.1 or between
1b. Unrestricted days cash on hand	47	105	93		Cash/(Total Expenses/365)	60 days or 30-60
1c. Enrollment Variance	98%	103%	94%	98%	Average Daily Enrollment/Budgeted Enrollment	>95% or >95% for
1d.** Default on loans or delinquent in debt payments	NO	NO	NO		Auditor	not in default
<b>Sustainability Indicators</b>						
2a*** 3 Year Cumulative Cash Flow	\$ 3,639,145	\$ 5,637,520	\$ (1,205,969)	\$ 8,010,934	Net change in cash flow from prior years	3 yr cum positive
2b Debt Service Coverage Ratio	N/A	N/A	N/A		N/A or (Change in Net Position + depreciation + interest expense) / (principal + interest payments)	>1.10

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

Meets Standard
Does Not Meet Standard
Falls Far Below Standard



# **SINGLE AUDIT SECTION**

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

The Honorable President and  
Members of the Board of Trustees  
Marion P. Thomas Charter Schools  
Essex County, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Marion P. Thomas Charter School (the Charter School), in the County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 2022, 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 March 15, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

**INDEPENDENT AUDITOR’S 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 - CONTINUED**

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did, however, identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2022-001 that we consider to be significant deficiencies.

**Report on Compliance and Other Matters**

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


However, we noted certain matters that we have reported to the Board of Trustees of Marion P. Thomas Charter School in the County of Essex, New Jersey in a separate *Auditor’s Management Report on Administrative Findings - Financial, Compliance and Performance*, dated March 15, 2023.


**Charter School’s Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Charter School’s responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Charter School’s responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

**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* in considering the Charter School’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Leonora Galleros, CPA  
Public School Accountant  
PSA No. 20CS00239400

  
Galleros Robinson CPAs, LLP  
Certified Public Accountants

March 15, 2023  
Cream Ridge, New Jersey



## EXHIBIT K-2

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR LETTER 15-08

The Honorable President and  
Members of the Board of Trustees  
Marion P. Thomas Charter Schools  
Essex County, New Jersey

#### Report on Compliance for Each Major Federal and State Programs

##### *Opinion on Each Major Federal and State Programs*

We have audited the Marion P. Thomas Charter School's (the Charter School) in the County of Essex, State of New Jersey compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal and state programs for the fiscal year ended June 30, 2022. The Charter School's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Marion P. Thomas Charter School in the County of Essex, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2022.

##### *Basis of Opinions on Each Major Federal and State Programs*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; 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 OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, the Uniform Guidance and the New Jersey OMB Circular Letter 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Charter School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Charter School's compliance with the compliance requirements referred to above.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR LETTER 15-08  
- CONTINUED**

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statute, regulations, rules and provisions of contracts or grant agreements applicable to its federal and state programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Charter School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the New Jersey OMB Circular Letter 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Charter School's compliance with the requirements of each major federal and state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the New Jersey OMB Circular Letter 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Charter School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the New Jersey OMB Circular Letter 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR LETTER 15-08 - CONTINUED**

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Charter School's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Charter School's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

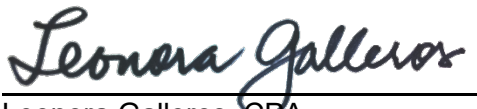
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR LETTER 15-08 - CONTINUED**

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



Leonora Galleros, CPA  
Public School Accountant  
PSA No. 20CS00239400



Galleros Robinson CPAs, LLP  
Certified Public Accountants

March 15, 2023  
Cream Ridge, New Jersey

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

Federal Grant/ Pass-Through Grantor/ Program Title	Assistance Listing No.	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2021	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2022		
					From	To						(Accounts Receivable)	Deferred Revenue	Due to Grantor
<b>U.S. Department of Health and Human Services</b>														
<b>Passed-through New Jersey State Department of Education</b>														
<b>General Fund:</b>														
Medical Assistance Program (SEMI)	93.778	2105NJ5MAP	N/A	\$ 21,412	7/1/2021	6/30/2022	\$ -	\$ -	\$ 21,412	\$ (21,412)	\$ -	\$ -	\$ -	\$ -
<b>U.S. Department of Education:</b>														
<b>Passed-through New Jersey State Department Education</b>														
<b>Special Revenue Fund:</b>														
<b>Title I</b>														
Title I Part A Grants to Local Educational Agencies	84.010	S011A210030	ESEA - 7210 - 22	1,102,304	44,378	44,834	-	-	-	(1,102,304)	-	(1,102,304)	-	-
Title I School Improvement Grant Part G	84.010	S011A200030	ESEA - 7210 - 22	323,355	7/1/2021	9/30/2022	-	-	-	(323,355)	-	(323,355)	-	-
Subtotal Title I							-	-	-	(1,425,659)	-	(1,425,659)	-	-
<b>Special Education Cluster:</b>														
Individuals with Disabilities (IDEA) - States Grant (Basic)	84.027	H027A210100	IDEA - 7210 - 22	333,702	7/1/2021	9/30/2022	-	-	-	(333,702)	-	(333,702)	-	-
Individuals with Disabilities (IDEA) - States Grant (Basic)	84.027	H027A200100	IDEA - 7210 - 21	361,869	7/1/2020	9/30/2021	(31,660)	-	31,660	-	-	-	-	-
COVID-19 - ARP IDEA Basic	84.027X	H027X21100	IDEA - 7210 - 22	82,329	7/1/2021	9/30/2022	-	-	-	(82,329)	-	(82,329)	-	-
Individuals with Disabilities, Preschool - Preschool Grant	84.173	H173A210114	IDEA - 7210 - 22	12,079	7/1/2021	9/30/2022	-	-	-	(12,079)	-	(12,079)	-	-
COVID-19 ARP IDEA Preschool	84.173X	H173X21100	IDEA - 7210 - 22	6,973	7/1/2021	9/30/2022	-	-	-	(6,973)	-	(6,973)	-	-
Subtotal Special Education Cluster							(31,660)	-	31,660	(435,083)	-	(435,083)	-	-
<b>Perkins Grant</b>														
Career and Technical Education - Basic Grants (Perkins)	84.048	V048A210030	N/A	77,112	7/1/2021	6/30/2022	-	-	77,112	(77,112)	-	-	-	-
Career and Technical Education - Basic Grants (Perkins)	84.048	V048A200030	N/A	76,831	7/1/2020	6/30/2021	(11,968)	-	11,968	-	-	-	-	-
Subtotal Perkins Grant							(11,968)	-	89,080	(77,112)	-	-	-	-
Title III English Language Acquisition Grant	84.365	S365A210030	ESEA - 7210 - 22	5,569	7/1/2021	9/30/2022	-	-	-	(5,569)	-	(5,569)	-	-
Title II Part A Supporting Effective Instruction Grant	84.367	S367A210029	ESEA - 7210 - 22	85,806	7/1/2021	9/30/2022	-	-	-	(85,806)	-	(85,806)	-	-
<b>COVID-19 - Education Stabilization Fund</b>														
COVID-19 - CRRSA ESSER II	84.425D	S425D200027	N/A	3,066,098	3/13/2020	9/30/2023	(36,501)	-	-	(1,361,898)	-	(1,398,399)	-	-
COVID-19 - CARES Act Education Stabilization Fund	84.425D	S425D200027	N/A	763,525	3/13/2020	9/30/2022	(35,918)	-	-	(315,570)	-	(351,488)	-	-
COVID-19 - CRRSA ESSER II - Learning Acceleration	84.425D	S425D210027	N/A	196,766	3/13/2021	9/30/2024	-	-	-	(89,129)	-	(89,128)	-	-
Subtotal COVID-19 - Education Stabilization Fund							(72,419)	-	-	(1,766,597)	-	(1,839,015)	-	-
Total New Jersey State Department Education							(116,047)	-	120,740	(3,795,826)	-	(3,791,132)	-	-
<b>U.S. Department of Agriculture</b>														
<b>Passed-through New Jersey State Department of Agriculture</b>														
<b>Enterprise Fund:</b>														
<b>Child Nutrition Cluster</b>														
COVID-19 - National School Lunch Program - SSO	10.555	221NJ304N1099	N/A	1,194,820	7/1/2021	6/30/2022	-	-	1,089,578	(1,194,820)	-	(105,242)	-	-
National School Lunch Program	10.555	211NJ304N1099	N/A	372,938	7/1/2020	6/30/2021	(41,710)	-	41,710	-	-	-	-	-
Fresh Fruits and Vegetables	10.582	221NJ304N1099	N/A	45,134	7/1/2021	6/30/2022	-	-	40,942	(45,134)	-	(4,192)	-	-
Fresh Fruits and Vegetables	10.582	211NJ304N1099	N/A	57,767	7/1/2020	6/30/2021	(2,100)	-	2,100	-	-	-	-	-
Food Commodities	10.555	221NJ304N1099	N/A	53,633	7/1/2021	6/30/2022	-	-	53,633	(53,633)	-	-	-	-
COVID-19 - National School Breakfast Program - SSO	10.553	221NJ304N1099	N/A	504,463	7/1/2021	6/30/2022	-	-	460,016	(504,463)	-	(44,447)	-	-
National School Breakfast Program	10.553	211NJ304N1099	N/A	215,068	7/1/2020	6/30/2021	(20,914)	-	20,914	-	-	-	-	-
COVID-19 - School Programs Emergency Operational Costs Reimbursement Program	10.555	202121H170341	N/A	123,844	7/1/2021	6/30/2022	-	-	123,844	(123,844)	-	-	-	-
Subtotal Child Nutrition Cluster							(64,724)	-	1,832,737	(1,921,894)	-	(153,881)	-	-
COVID-19 - Pandemic EBT Administrative Costs	10.649	211NJ304S9009	N/A	3,135	10/1/2020	3/31/2022	-	-	3,135	(3,135)	-	-	-	-
Total U.S. Department of Agriculture							(64,724)	-	1,835,872	(1,925,029)	-	(153,881)	-	-
<b>Total Expenditures of Federal Awards</b>							<u>\$ (180,771)</u>	<u>\$ -</u>	<u>\$ 1,978,024</u>	<u>\$ (5,742,267)</u>	<u>\$ -</u>	<u>\$ (3,945,013)</u>	<u>\$ -</u>	<u>\$ -</u>



SCHEDULE OF STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021				Cash Received	Budgetary Expenditures Pass-through Funds	Adjustments Repayment Prior Year's Balances	Balance at June 30, 2022			MEMO	
				Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount	Intergovernmental (Accounts Receivable)				Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditure	
<b>New Jersey State Department of Education</b>															
<b>General Fund:</b>															
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	\$ 16,001,149	\$ -	\$ -	\$ -	\$ 15,299,113	\$ (16,001,149)	\$ -	\$ (702,386)	\$ -	\$ 350	\$ 702,386	\$ 16,001,149	
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	16,478,535	(1,089,087)	7,000	-	1,010,507	-	-	(78,580)	-	7,000	-	-	
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	17,861,527	(44,113)	8,842	-	43,731	-	-	(382)	-	8,842	-	-	
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	16,975,385	-	91	-	-	-	-	-	-	91	-	-	
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	6,702,253	-	18,178	-	-	-	-	-	-	18,178	-	-	
Special Education Categorical Aid	22-495-034-5120-089	7/1/21-6/30/22	668,869	-	-	-	668,869	(668,869)	-	-	-	-	-	668,869	
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	666,900	-	656	-	-	-	-	-	-	656	-	-	
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	576,266	-	-	-	576,266	(576,266)	-	-	-	-	-	576,266	
Adjustment Aid	22-495-034-5120-085	7/1/21-6/30/22	5,858,809	-	-	-	5,858,809	(5,858,809)	-	-	-	-	-	5,858,809	
Adjustment Aid	21-495-034-5120-085	7/1/20-6/30/21	5,497,455	(13,985)	-	-	13,985	-	-	-	-	-	-	-	
Reimbursed Social Security Tax	22-495-034-5094-003	7/1/21-6/30/22	331,756	-	-	-	254,409	(331,756)	-	(77,347)	-	-	-	331,756	
Reimbursed Social Security Tax	21-495-034-5094-003	7/1/20-6/30/21	628,935	(30,587)	-	-	30,587	-	-	-	-	-	-	-	
On-Behalf Teachers' Pension and Annuity Fund	22-495-034-5094-002	7/1/21-6/30/22	3,194,960	-	-	-	3,194,960	(3,194,960)	-	-	-	-	-	3,194,960	
On-Behalf Teachers' Pension and Annuity Fund – Post-Retirement Medical	22-495-034-5094-001	7/1/21-6/30/22	746,472	-	-	-	746,472	(746,472)	-	-	-	-	-	746,472	
On-Behalf Teachers' Pension and Annuity Fund – Non-contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22	2,911	-	-	-	2,911	(2,911)	-	-	-	-	-	2,911	
Total General Fund				(1,177,772)	34,767	-	27,700,619	(27,381,192)	-	(858,695)	-	35,117	702,386	27,381,192	
<b>Special Revenue Fund:</b>															
Charter and Renaissance School Project Emergent and Capital Maintenance	N/A	7/1/21-6/30/22	124,460	-	-	-	124,460	(124,460)	-	-	-	-	-	124,460	
Pre-School Education	22-495-034-5120-086	7/1/21-6/30/22	1,005,504	-	-	67,110	827,447	(1,005,504)	-	(110,947)	-	-	-	1,005,504	
Pre-School Education	21-495-034-5120-086	7/1/20-6/30/21	807,242	(108,181)	67,110	(67,110)	108,181	-	-	-	-	-	-	-	
				(108,181)	67,110	-	1,060,088	(1,129,964)	-	(110,947)	-	-	-	1,129,964	
<b>Enterprise Fund:</b>															
State School Lunch Program	22-100-010-3350-023	7/1/21-6/30/22	26,271	-	-	-	24,024	(26,271)	-	(2,247)	-	-	-	26,271	
State School Lunch Program	21-100-010-3350-023	7/1/20-6/30/21	15,910	(2,360)	-	-	2,360	-	-	-	-	-	-	-	
Total Enterprise Fund				(2,360)	-	-	26,384	(26,271)	-	(2,247)	-	-	-	26,271	
<b>Total Expenditures of State Financial Assistance</b>				\$ (1,288,313)	\$ 101,877	\$ -	\$ 28,787,091	\$ (28,537,427)	\$ -	\$ (971,889)	\$ -	\$ 35,117	\$ 702,386	\$ 28,537,427	
<b>Less: On-Behalf TPAF Pension System Contributions</b>															
On-Behalf Teachers' Pension and Annuity Fund	22-495-034-5094-002							3,194,960							
On-Behalf-Teachers' Pension and Annuity Fund – Post-Retirement Medical	22-495-034-5094-001							746,472							
On-Behalf Teachers' Pension and Annuity Fund – Non-contributory Insurance	22-495-034-5094-004							2,911							
								3,944,343							
<b>Total for State Financial Assistance-Major Program Determination</b>								\$ (24,593,084)							

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)****NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE****YEAR ENDED JUNE 30, 2022****NOTE 1 GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activities of the Marion P. Thomas Charter Schools (the "Charter School"). All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance (the "Schedules") are presented using the budgetary basis of accounting with the exception of those recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Charter School's basic financial statements. The information in these schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular Letter 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**

Amounts reported in the accompanying Schedules agree with the amounts reported in the Charter School's basic financial statements. The basic financial statements present the special revenue fund on both accounting principles generally accepted in the United States of America (GAAP) and budgetary basis. The special revenue fund is presented in the accompanying Schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the Charter School's basic financial statements on a GAAP basis as follows:

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE - CONTINUED**

**NOTE 4 RELATIONSHIP TO STATE FINANCIAL REPORTS**

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 21,412	\$ 23,436,849	\$ 23,458,261
Special Revenue Fund	3,795,826	1,129,964	4,925,790
Enterprise Fund	1,925,029	26,271	1,951,300
Total	<u>\$ 5,742,267</u>	<u>\$ 24,593,084</u>	<u>\$ 30,335,351</u>

**NOTE 5 ON-BEHALF PAYMENTS**

TPAF Social Security contributions represents reimbursements in the amount of \$331,756 by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2022. The State had also made on-behalf TPAF payments for post-retirement medical benefits and long-term disability insurance in the amount of \$3,944,343.

**NOTE 6 NON-CASH ASSISTANCE**

The Charter School is the recipient of a Federal Award that does not result in cash receipts or disbursements. The Charter School was granted \$53,633 of commodities under the National School Lunch Program (CFDA 10.555).

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

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions 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 financial statements and the amount subject to State single audit and major program determination.

**NOTE 8 DE MINIMIS INDIRECT COST**

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

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2022**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statement Section**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:  
 Material weakness(es) identified?        Yes   ✓   No

Significant deficiency(ies) identified not considered to be  
 material weaknesses?   ✓   Yes        No

Noncompliance material to financial statements noted?        Yes   ✓   No

**Federal Awards**

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

Auditee qualified as low-risk auditee?        Yes   ✓   No

Type of auditor's report on compliance for major programs: Unmodified

Internal control over compliance:  
 Material weakness(es) identified?        Yes   ✓   No

Significant deficiency(ies) identified not considered to be  
 material weakness(es)?        Yes   ✓   No

Any audit findings disclosed that are required to be reported  
 in accordance with 2 CFR 200 section .516(a)?   ✓   Yes        No

**Identification of Major Programs:**

<u>Assistance Listing</u>	<u>FAIN</u>	<u>Name of Federal Program</u>
84.425		COVID-19 - Education Stabilization Fund Cluster
84.425D	S425D210027	COVID-19 - CRRSA ESSER
84.425D	S425D210027	COVID-19 - CRRSA ESSER II
84.425D	S425D210027	COVID-19 - CARES Act Education Stabilization Fund
84.425D	S425D210027	COVID-19 - CRRSA ESSER II – Learning Acceleration

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS - CONTINUED**

**Federal Awards - continued**

**Identification of Major Programs - continued:**

<u>Assistance Listing</u>	<u>FAIN</u>	<u>Name of Federal Program</u>
Child Nutrition Cluster		
10.553	221NJ304N1099	COVID-19 - National School Breakfast Program - SSO
10.555	221NJ304N1099	COVID-19 - National School Lunch Program - SSO
10.555	221NJ304N1099	Food Commodities
10.555	202121H170341	COVID-19 - School Programs Emergency Operational Costs Reimbursement Program
10.582	221NJ304N1099	Fresh Fruits and Vegetables

**State Financial Assistance**

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

Auditee qualified as low-risk auditee?  Yes  No

Type of auditor's report on compliance for major programs: Unmodified

Internal control over compliance:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified not considered to be material weakness(es)?  Yes  No

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

**Identification of Major Programs:**

<u>State or Project No.</u>	<u>Name of State Program</u>
	<i>State Aid Public Cluster:</i>
22-495-034-5120-078	Equalization Aid
22-495-034-5120-084	Security Aid
22-495-034-5120-089	Special Education Aid
22-495-034-5120-085	Adjustment Aid

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)****SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED****SECTION II - FINANCIAL STATEMENT FINDINGS****Internal Control Over Financial Reporting****Finding 2022-001 Financial Information*****Criteria***

Timely and accurate financial reports are prescribed by N.J.S.A.18A:17-9 and 18A:17-36 to be presented to the Board. In accordance with N.J.S.A 18A:17-9, the chief school administrator or board designee other than the secretary shall prepare the monthly reconciliation of bank account statements and in conjunction with the secretary take any steps necessary to bring the cash record balance and reconciled bank balance into agreement prior to completion of the secretary's monthly report.

***Condition***

During the audit we noted the following:

- a. Prior year audit adjustments were not completely recorded in the Charter School's accounting system which resulted to various journal entries to correct beginning balances.
- b. All cash transactions of General Fund and Enterprise Fund are recorded in one General Fund general ledger account even if the general fund has four (4) general ledger cash accounts and the Enterprise Fund has its own cash account (and bank account).
  - a. There is only one bank reconciliation for five (5) bank accounts. Four (4) bank accounts for the General Fund and one (1) bank account for the Enterprise Fund.
  - b. Signed purchase orders were not found for four (4) of 60 claims reviewed.
  - c. Five months of TPAF-FICA reimbursements (August-December 2021) were not submitted timely; and therefore, denied reimbursements. Approximately \$260,000 of missed revenues.
  - d. Meals served for the months of July-August 2021 of \$82,272 were denied by the NJ Department of Agriculture because it was submitted after the 60-day deadline.
  - e. Differences between meals claimed and actual meals served for the months of September 2021, October 2021, November 2021, December 2021, January 2022, February 2022, March 2022, April 2022 and May 2022 which resulted to net underclaim of \$14,976.

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

**SECTION II - FINANCIAL STATEMENT FINDINGS - CONTINUED**

**Internal Control Over Financial Reporting - continued**

**Finding 2022-001 Financial Information - continued**

***Context***

Timely review of activities and tracking of deadlines were not done.

***Cause***

Staff turnovers, including School Business Administrators during fiscal year 2022 was the main reason for the issues noted.

***Effect***

The books and records were not complete and supporting documents for some transactions were not readily available.

***Recommendation***

The Charter School should ensure that all transactions are reviewed and reconciled in a timely manner. We also recommend personnel back-up and training to ensure that data requirements and timelines are adhered to.

***Views of Responsible Official and Planned Corrective Actions***

The current School Business Administrator started mid-way through the audited year. Corrective action has already been implemented concerning the findings above. The claimed meals will be addressed with the Food Service Company that submits the claims.

**Compliance and Other Matters**

There are none.

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

**SECTION III - FEDERAL AWARDS**

**Finding 2022-002 Food Service Claims Submission**

Child Nutrition Cluster

Assistance Listing No. #10.553	COVID-19 - National School Breakfast Program - SSO
Assistance Listing No. #10.555	COVID-19 - National School Lunch Program - SSO
Assistance Listing No. #10.555	Food Commodities
Assistance Listing No. #10.555	COVID-19 - School Programs Emergency Operational Costs Reimbursement Program
Assistance Listing No. #10.582	Fresh Fruits and Vegetables

***Criteria***

Under Title 7 CFR Part 210.8 Claims for reimbursement, "A final Claim for Reimbursement shall be postmarked or submitted to the State agency not later than 60 days following the last day of the full month covered by the claim. State agencies may establish shorter deadlines at their discretion. Claims not postmarked and/or submitted within 60 days shall not be paid with Program funds unless otherwise authorized by United State Department of Agriculture (USDA) Food and Nutrition Services (FNS)."

***Condition***

During the audit we noted that the Charter School's reimbursement claims to New Jersey State Department of Agriculture for the months of July 2021 and August 2021 amounting to \$82,273 were submitted past the deadline of 60 days after the end of the reporting month. In addition, differences between meals claimed and actual meals served for the months of September 2021, October 2021, November 2021, December 2021, January 2022, February 2022, March 2022, April 2022 and May 2022 which resulted to net underclaim of \$14,976.

***Context***

Reimbursement claims to New Jersey State Department of Agriculture were denied and differences noted between actual meals served and number of meals claimed.

***Cause***

Staff turnovers, including School Business Administrators during fiscal year 2022 was the main reason for the issues noted.

***Effect***

Failure to submit the claims within the prescribed period and timely review resulted in non-payment of claims



**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

**SECTION III - FEDERAL AWARDS - CONTINUED**

**Finding 2022-002 Food Service Claims Submission - continued**

***Questioned cost***

None.

***Recommendation***

We recommend that the Charter School implement its policies and procedures to ensure that the required reports are filed timely. We recommend personnel back-up and training to ensure that data requirements and timelines are adhered to.

***View of Responsible Official and Planned Corrective Action***

The current School Business Administrator started mid-way through the audited year. Corrective action has already been implemented to ensure that reimbursement claims are submitted timely. The claimed meals will be addressed with the Food Service Company that submits the claims.

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

**SECTION IV - STATE FINANCIAL ASSISTANCE**

There are none.

**MARION P. THOMAS CHARTER SCHOOLS  
(COUNTY OF ESSEX, NEW JERSEY)**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

**FISCAL YEAR ENDED JUNE 30, 2022**

**Finding 2021-001 Financial Information**

During our audit we noted the following:

- a. 22 of 40 sample claims were not supported with vendor invoices and approved purchase orders.
- b. 15 of 40 sample claims have no signed vendor declaration forms as required.
- c. Several personnel files did not contain signed employment agreement, Form I-9 and Form W-4.
- d. Facility fees were incorrectly recorded as capital outlay.

Status: This was partially corrected in 2022. A similar finding still exist. Refer to Finding 2022-001.

**Finding 2021-002 Time and Activity Reports**

During our audit, all required time and activity reports for the Title I employees were not provided.

Status: This finding has been corrected.

**Finding 2021-003 Inadequate Supporting Documents on Federal Grants**

During the audit we noted that invoices and purchase orders amounting to \$497,099 for major federal programs (Assistance Listing 84.425D and 21.019) were not provided.

Status: This finding has been corrected.