



Millville Public Charter School

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2013

**MILLVILLE PUBLIC CHARTER SCHOOL**  
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## INTRODUCTORY SECTION



**MILLVILLE PUBLIC CHARTER SCHOOL**  
**1101 WHEATON AVENUE, SUITE 220**  
**MILLVILLE, NJ 08332**  
**Phone: (856) 506-8143 ~ Fax: (856) 765-3810**



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**The Honorable President and**  
**Members of the Board of Trustees**  
**Millville Public Charter School**  
**Millville, New Jersey 08332**

Dear Board Members:

The comprehensive annual financial report of the Millville Public Charter School (Charter School) for the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the School. All disclosures necessary to enable the reader to gain an understanding of the School's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the 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 School is required to undergo an annual single audit in conformity with the provisions of OMB Circular A-133, Audits of States, Local Government, and Non-Profit Organizations, and State of New Jersey Circular 04-04-OMB, 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 the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.



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1) **REPORTING ENTITY AND ITS SERVICES:** The Millville Public Charter School is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the School are included in this report. The Millville Public Charter School Board of Trustees and all its school constitute the School’s reporting entity.

The School provides a full range of educational services appropriate to grade levels Kindergarten to Second Grade. These services include regular, special education for students with disabilities, as well as basic skills improvement for lower functioning students. The School completed the 2011-2012 fiscal year with an enrollment of 108 students. The following details the changes in the student enrollment of the Charter School.

Student

Fiscal Year	Enrollment as of June 30 <sup>th</sup>	Percent Change
12-13	133.9	-----

2) **ECONOMIC CONDITION AND OUTLOOK:** Although the Millville Public Charter School community is essentially fully developed, enrollments will change based on adding a grade level each year until Grade 5.

The School is located at 1101 Wheaton Avenue, Suite 220 in Millville, New Jersey.

3) **MAJOR INITIATIVES:** The Charter School has identified two target areas in which staff and administration will focus in an effort to increase and sustain student academic achievement which is in essence our ultimate goal. The Millville Public Charter School (MPCS) will increase the use of data driven instruction and decision making by teachers and administrators. MPCS will expand the academic program and resources of the school as well as provided numerous embedded professional development training for the staff.



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4) **INTERNAL ACCOUNTING CONTROLS:** Management of the School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognized that: (1) the costs 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 recipient of Federal and State financial aid, the School also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the School management.

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

5) **BUDGETARY CONTROLS:** In addition to internal accounting controls, the 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, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects 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. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2012.



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

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

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

9) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman and & Company LLP, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.



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10) ACKNOWLEDGMENTS:

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

Respectfully submitted,

Esteban J. Garcia III

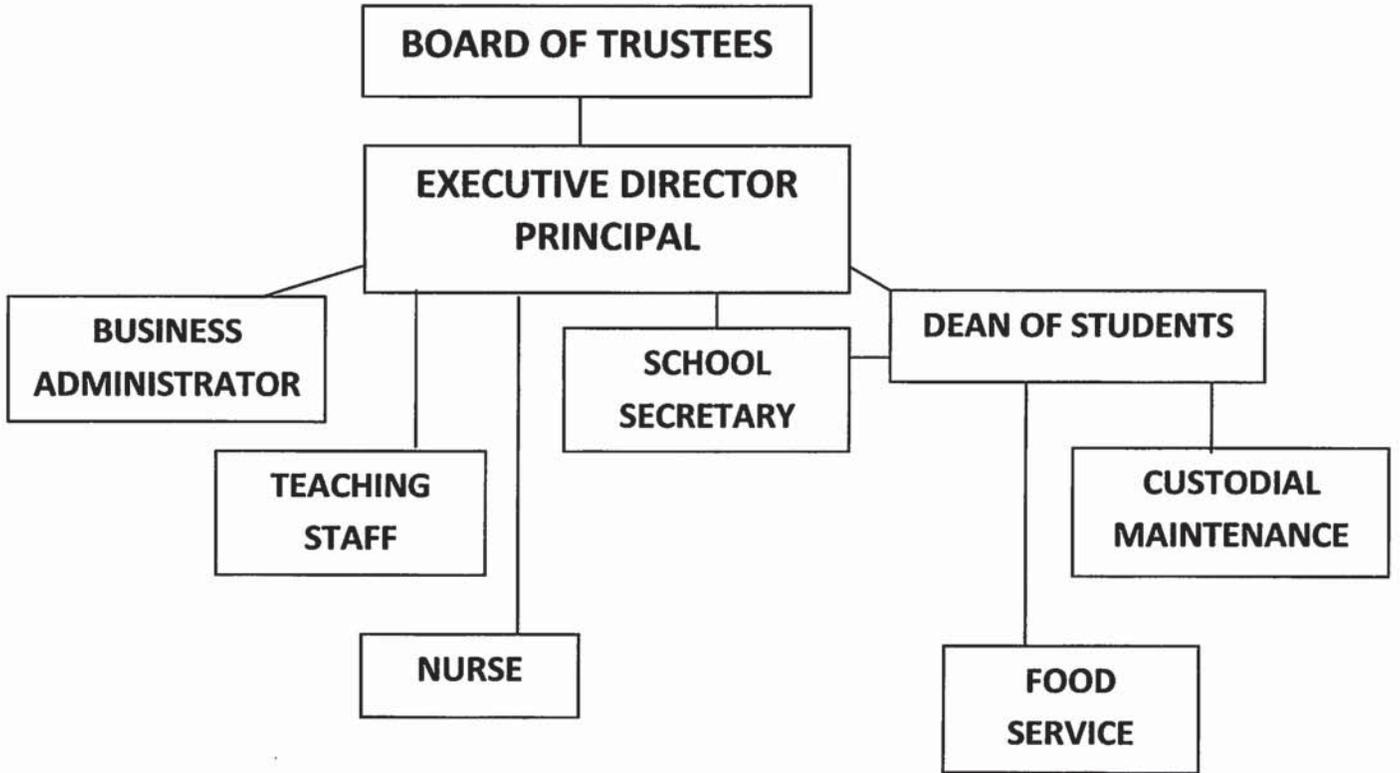
Executive Director/Dean of Students

Interim School Business Administrator

Douglas C. McGarry

Board Secretary/Business Manager

**MILLVILLE PUBLIC CHARTER SCHOOL  
ORGANIZATIONAL CHART  
2012-2013**



**MILLVILLE PUBLIC CHARTER SCHOOL  
MILLVILLE, NEW JERSEY**

**ROSTER OF OFFICIALS  
June 30, 2013**

**Members of the Board of Trustees**

**Officers:**

Phyllis London  
Kelly Brazelton

President  
Treasurer of School Funds

**Board Members:**

Yaritza Martinez  
Zoraida Jones  
Marguerite Parker  
Art Reso

**Staff:**

Yvonne Cribbs  
Karen Matthews (7/1/12 - 3/13/13)  
  
Douglas McGarry (3/13/13 - 6/30/13)  
Tito Garcia

Founder and Head of School / Lead Person  
School Business Administrator / Board  
Secretary  
Business Manager / Board Secretary  
Interim Business Administrator

**MILLVILLE PUBLIC CHARTER SCHOOL  
MILLVILLE, NEW JERSEY**

**Consultants & Advisors**

**Audit Firm:**

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

**Attorney:**

Michael Epps  
Epps Law Firm  
160 S. Pitney Road  
Suite 3  
Galloway, NJ 08205

**Official Depositories:**

TD Bank  
1200 N. 2<sup>nd</sup> Street  
Millville, NJ 08332

## FINANCIAL SECTION

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Chairperson and  
Members of the Board of Trustees  
Millville Public Charter School  
Millville, New Jersey 08332

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Millville Public Charter School, in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Millville Public Charter School in the County of Cumberland, State of New Jersey, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2013, the Charter School adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB): *Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and *Statement No. 65, Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Millville Public Charter School's basic financial statements.

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

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

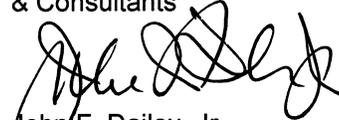
**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 11, 2013 on our consideration of the Millville Public 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 and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Millville Public Charter School's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



John F. Dailey, Jr.  
Certified Public Accountant  
Public School Accountant No. CS 00140

Voorhees, New Jersey  
November 11, 2013

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

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Trustees  
Millville Public Charter School  
Millville, New Jersey 08332

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Millville Public Charter School, in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2013, 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 November 11, 2013.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Millville Public Charter School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Millville Public 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Charter School's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify one deficiency in internal control, described in the accompanying Schedule of Findings and Recommendations and Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance that we consider to be a significant deficiency: 2013-01.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Millville Public Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey and which are described in the accompanying Schedule of Findings and Recommendations and Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance as finding no.: 2013-01.

### ***The Millville Public Charter School's Response to Findings***

The Millville Public Charter School's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Recommendations. The Charter School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

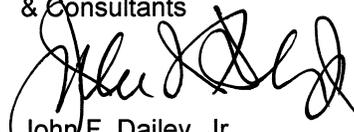
### ***Purpose of this Report***

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 Charter School's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



John F. Dailey, Jr.  
Certified Public Accountant  
Public School Accountant No. CS 00140

Voorhees, New Jersey  
November 11, 2013

REQUIRED SUPPLEMENTARY INFORMATION  
PART I

**Millville Public Charter School  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2013  
Unaudited**

The Millville Public Charter School Management Discussion and Analysis (MD&A) is designed to provide an overview of the Charter School's financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns. The focus of the MD&A is on current year activities, resulting changes and currently known facts. The MD&A should be read in conjunction with the Transmittal Letter and the Charter School's Financial Statements.

The MD&A is an element of Required Supplementary Information specified in the Government Accounting Standards Board Statement (GASB) No. 34 titled Basic Financial Statements and Management's Discussion and Analysis- for State and Local Governments issued in June 1999.

### **Financial Highlights**

Key financial highlights for the Fiscal Year 2012-2013 include the following:

- In total, net position increased \$17,079.77 which resulted from normal operations of the Charter School.
- General revenues accounted for \$1,351,573.97 in revenue or 85.3 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$232,273.95 or 14.7 percent to total revenues of \$1,583,847.92.
- The Charter School had \$1,620,403.08 in expenses; only \$282,372.45 of these expenses was offset by program specific charges for services, grants or contributions. General revenues primarily local levy of \$1,258,706.00 and unrestricted state aid of \$80,371.92 were adequate to provide for these programs.
- Among major funds, the General Fund had \$1,344,573.97 in revenues and \$1,352,252.44 in expenditures. The General Fund Balance decreased by \$678.47. The General Fund Balance, as of June 30, 2013, consists of \$40,932.52 which is comprised of encumbrances and unassigned. The Special Revenue Fund had \$232,273.95 of expenditures which were offset with program revenues of the same amount. For Proprietary Funds, the Food Service Enterprise Fund had revenues of \$48,063.57 consisting of operating and non-operating revenues and the Before & After School program had operating revenues of \$2,199.93. The expenditures for Food Service were \$58,600.00, while Before & After School expenditures were \$997.93. The Enterprise Fund required a transfer of \$10,536.43 to cover operating expenses.

**Millville Public Charter School  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2013  
Unaudited**

## **Overview of Financial Highlights**

The financial section of the annual report consists of four parts:

1. Independent Auditor's Report
2. Required Supplementary Information, including the MD&A (this section)
3. Basic Financial Statements (Statement of Net Position and the Statement of Activities)
4. Supplementary Information

The district-wide financial statements are designed to be corporate-like in that all government and business-type activities are consolidated into columns, which add to a total for the Charter School. The focus of the Statement of Net Position is designed to be similar to a bottom line for the Charter School and its government and business type activities. This statement, for the first-time, combines and consolidates governmental fund's current financial resources (short-term expendable resources) with capital assets and long-term obligations.

The statement of activities is focused on both the gross and net costs of various activities (including governmental and business-type), which are provided by the Charter School's general and other revenues. This statement is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business type activities.

The basic financial statements include two kinds of statements that present different views for the Charter School. The first two statements are district-wide financial statements that provide both long-term and short-term information about the Charter School's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Charter School's operations in more detail than the district-wide statements.

The governmental fund 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-term and long-term financial information about those types of activities that operate like a business.

Fiduciary fund statements provide information about the financial relationships in which the Charter School acts as a trustee or agent for the benefit of others, to whom the resources 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 required supplementary information that further explains and supports the information in the financial statements including; budget schedules, reconciliations and individual fund statements.

**Millville Public Charter School  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2013  
Unaudited**

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

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

The Statement of Net Position and the Statement of Activities include all assets and liabilities of the Charter School using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes in to account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Charter School's Net Position and changes in those assets. This change in Net Position is important because it tells the reader that, for the Charter School as a whole, the financial position of the Charter School has improved or diminished. The causes of this change may be the result of factors, some financial, and some not. Non-financial factors include the Charter School's required educational programs and other factors.

In the Statement of Net Position and Statement of Activities, the Charter School reports governmental and business-type activities. Governmental activities are the activities where most of the Charter School's programs and services are reported including, but not limited to, Instruction, Administration and Support Services.

**Fund Financial Statements**

The Fund financial reports provide detailed information about the Charter School's major funds. The Charter School uses several funds to account for a variety of financial transactions. However, these fund financial statements focus on the Charter School's most significant funds. The Charter School's major governmental funds are the General Fund and the Special Revenue Fund.

**Government Funds**

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

**Millville Public Charter School  
Management's Discussion and Analysis  
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Unaudited**

**The Charter School as a Whole**

The statement of Net Position provides the perspective of the Charter School as a whole. Below is a table summary of the Charter School's Net Position for 2013.

Table 1 provides a summary of the Charter School's Net Position for 2013.

**Table 1  
MILLVILLE PUBLIC CHARTER SCHOOL**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>ASSETS:</b>						
Cash and Cash Equivalents	\$ 20,225.44	\$ 98,686.68	\$ 628.67	\$ 9,869.33	\$ 20,854.11	\$ 108,556.01
Receivables	40,051.80	35,480.10	8,032.08	2,146.18	48,083.88	37,626.28
Interfund Receivables	29,522.07	1,959.36			29,522.07	1,959.36
Capital Assets, net	53,402.83	6,283.33			53,402.83	6,283.33
<b>Total Assets</b>	<b>143,202.14</b>	<b>142,409.47</b>	<b>8,660.75</b>	<b>12,015.51</b>	<b>151,862.89</b>	<b>154,424.98</b>
Accounts Payable	15,658.79	44,398.12		6,336.69		50,734.81
Loans Payable		5,000.00				5,000.00
Interfunds Payable	16,490.45		8,660.75	1,451.79	25,151.20	1,451.79
Payable to Local Government		41,007.28				41,007.28
Unearned Revenue	16,717.55	4,109.75			16,717.55	4,109.75
<b>Noncurrent Liabilities:</b>						
Due within One Year	12,847.44	2,023.68			12,847.44	2,023.68
Due beyond One Year	14,394.11	2,023.68			14,394.11	2,023.68
<b>Total Liabilities</b>	<b>76,108.34</b>	<b>98,562.51</b>	<b>8,660.75</b>	<b>7,788.48</b>	<b>69,110.30</b>	<b>106,350.99</b>
<b>Net Position:</b>						
Net Investment in Capital Assets	26,161.28	2,235.97			26,161.28	2,235.97
Restricted	22,876.02	19,977.43			22,876.02	19,977.43
Unassigned	18,056.50	21,633.56		6,167.07	18,056.50	27,800.63
<b>Total Net Position</b>	<b>\$ 67,093.80</b>	<b>\$ 43,846.96</b>	<b>-</b>	<b>\$ 6,167.07</b>	<b>\$ 67,093.80</b>	<b>\$ 50,014.03</b>

In total, assets of governmental activities increased \$23,246.84, primarily due to the 2012-13 year having additional grants during the year to spread expenditures. The assets of the business-type activities decreased by \$6,167.07 in 2012-13 also primarily due to the ceasing of the Before & After School program.

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Table 2 shows the changes in Net Position for fiscal year 2013.

**Table 2  
MILLVILLE PUBLIC CHARTER SCHOOL  
CHANGES IN NET POSITION**

	Governmental		Business		Total	
	Activities		Type			
	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Revenues:						
Program Revenues:						
Charges for Services			\$ 9,926.90	\$ 17,243.34	\$ 9,926.90	\$ 17,243.34
Operating Grants and Contributions	\$ 232,273.95	\$ 39,006.50	40,171.60	22,108.68	272,445.55	61,115.18
General Revenues:						
Local Levy	1,258,706.00	863,374.00			1,258,706.00	863,374.00
State Aid - Not Restricted	80,371.92	87,743.85			80,371.92	87,743.85
Other	5,496.05	8,434.66			5,496.05	8,434.66
Transfers	7,000.00	(1,266.55)	3,536.43	1,266.55	10,536.43	
<b>Total Revenues</b>	<b>1,583,847.92</b>	<b>997,292.46</b>	<b>53,634.93</b>	<b>40,618.57</b>	<b>1,637,482.85</b>	<b>1,037,911.03</b>
Expenses:						
Instruction	673,632.75	417,524.42			673,632.75	417,524.42
Administration	383,276.39	200,848.78			383,276.39	200,848.78
Support Services	500,570.94	335,072.30			500,570.94	335,072.30
Capital Outlay	3,121.00					
Food Service			58,600.00	33,020.82	58,600.00	
Before & After School			1,202.00	1,430.68	1,202.00	1,430.68
<b>Total Expenses</b>	<b>1,560,601.08</b>	<b>953,445.50</b>	<b>59,802.00</b>	<b>34,451.50</b>	<b>1,620,403.08</b>	<b>987,897.00</b>
Change in Net Position	23,246.84	43,846.96	(6,167.07)	6,167.07	17,079.77	50,014.03
Net Position, July 1	43,846.96		6,167.07		50,014.03	
<b>Net Position, June 30</b>	<b>\$ 67,093.80</b>	<b>\$ 43,846.96</b>	<b>-</b>	<b>\$ 6,167.07</b>	<b>\$ 67,093.80</b>	<b>\$ 50,014.03</b>

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Management's Discussion and Analysis  
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**Governmental Activities**

The local levy and federal and state aid made up 84.5% of revenues for governmental activities for the Charter School in fiscal year 2013.

The Statement of Activities shows the cost of the governmental activities' program services and the changes for services and grants offsetting those services. Table 3 below shows the total cost of services and the net cost of services for fiscal year 2013. The table shows the cost of these services supported by general revenues.

**Table 3**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Instruction	\$ 673,632.75	\$ 417,524.42	\$ 578,938.55	\$ 394,191.42
Administration	383,276.39	200,848.78	383,276.39	200,848.78
Support Services	500,570.94	335,072.30	396,138.19	319,398.80
Capital Outlay	3,121.00		(30,026.00)	
	<u>\$ 1,560,601.08</u>	<u>\$ 953,445.50</u>	<u>\$ 1,328,327.13</u>	<u>\$ 914,439.00</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Administrative expenses include expenses associated with establishing and administering policy for the Charter School.

Support Services are expenditures for the maintenance of the plant.

The dependence upon the revenues received from sending districts and federal and state aid is apparent. The revenues from sending districts and federal and state governments are the primary financial support for the Charter School.

**The Charter School's Funds**

The Charter School's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues of \$1,576,847.92 and expenditures of \$1,584,526.39. The fund balance in the General Fund was \$40,932.52 for 2013. The Enterprise Funds had no unrestricted Net Position at June 30, 2013.

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Management's Discussion and Analysis  
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**General Funds Budgetary Highlights**

The Charter School's budget is prepared in accordance with New Jersey Law. The most significant budgeted fund is the General Fund. During the course of the 2013 fiscal year, the Charter School modified its General Fund budget to accommodate revised revenue calculations provided from the State of New Jersey. Revenue calculations are based on enrollment counts performed during the fiscal year and are dependent on the sending district the student's residency is reported in.

For the General Fund, the final budget basis revenue was \$1,325,883.00. The original budgeted estimate was \$1,325,883.00.

During fiscal year 2013, the Charter School anticipated General Fund Revenue from the following sources:

<b>Source</b>	<b>Final Budget</b>
Local Levy - State Share	\$ 1,241,879.00
Categorial Aid:	
Special Education Aid	44,574.00
Security Aid	<u>39,430.00</u>
	<u><u>\$ 1,325,883.00</u></u>

Overall the general funds expenditures for the year were under budget \$26,041.08. Instructional, Administration and support services expenditures contributed relatively equal to the under budget status. The under budget status was due to cost containment measures implemented to plan for the Charter School's future growth.

**Enterprise Fund**

The Charter School's food service consists of purchasing prepackaged meals. In the Enterprise Fund, expenditures were \$10,536.43 more than revenues for fiscal year 2013. The Charter School's Before & After School Program had \$997.93 more in revenues than expenditures for the 2013 year.

**Capital Assets**

The Charter School had capital assets in the amount of \$69,441.19 with accumulated depreciation of \$16,038.36 for fiscal year ended June 30, 2013.

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Management's Discussion and Analysis  
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**Debt Administration**

At June 30, 2013, the Charter School has no debt.

**Economic Factors and Next Year's Budgets and Rates**

The Charter School maintained its budget through the revenue received from sending districts for their local levy and state levy and categorical aid specific for their students and from federal aid and miscellaneous revenue sources.

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

The Charter School expects to maximize its enrollment for the 2013-14 fiscal year.

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

This financial report is designed to provide our parents, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have any questions about this report or need additional information, contact Doug McGarry, Operations Manager, at Millville Public Charter School, 1101 Wheaton Avenue Suite 220, Millville NJ 08332.

## BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Statement of Net Position  
June 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 20,225.44	\$ 628.67	\$ 20,854.11
Receivables, net	40,051.80	8,032.08	48,083.88
Due from Other Funds	29,522.07		29,522.07
Capital Assets, net (Note 5)	53,402.83		53,402.83
<b>Total Assets</b>	<u>143,202.14</u>	<u>8,660.75</u>	<u>151,862.89</u>
<b>LIABILITIES:</b>			
Accounts Payable	15,658.79		15,658.79
Due to Other Funds	16,490.45	8,660.75	25,151.20
Unearned Revenue	16,717.55		16,717.55
Noncurrent Liabilities (Note 6):			
Due within One Year	12,847.44		12,847.44
Due beyond One Year	14,394.11		14,394.11
<b>Total Liabilities</b>	<u>76,108.34</u>	<u>8,660.75</u>	<u>84,769.09</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	26,161.28		26,161.28
Restricted	22,876.02		22,876.02
Unrestricted	18,056.50		18,056.50
<b>Total Net Position</b>	<u>\$ 67,093.80</u>	<u>-</u>	<u>\$ 67,093.80</u>

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2013

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental Activities:						
Instruction	\$ 673,632.75		\$ 94,694.20	\$ (578,938.55)		\$ (578,938.55)
Administration	383,276.39			(383,276.39)		(383,276.39)
Support Services	500,570.94		104,432.75	(396,138.19)		(396,138.19)
Capital Outlay	3,121.00		33,147.00	30,026.00		30,026.00
<b>Total Governmental Activities</b>	<b>1,560,601.08</b>	<b>-</b>	<b>232,273.95</b>	<b>(1,328,327.13)</b>	<b>-</b>	<b>(1,328,327.13)</b>
Business-Type Activities:						
Food Service	58,600.00	\$ 7,891.97	40,171.60		\$ (10,536.43)	(10,536.43)
Before & After School Program	1,202.00	2,034.93			832.93	832.93
<b>Total Business-Type Activities</b>	<b>59,802.00</b>	<b>9,926.90</b>	<b>40,171.60</b>	<b>-</b>	<b>(9,703.50)</b>	<b>(9,703.50)</b>
<b>Total Primary Government</b>	<b>\$ 1,620,403.08</b>	<b>\$ 9,926.90</b>	<b>\$ 272,445.55</b>	<b>(1,328,327.13)</b>	<b>(9,703.50)</b>	<b>(1,338,030.63)</b>
General Revenues:						
Local Levy				1,258,706.00		1,258,706.00
Categorical Aid and Other State Aid - Not Restricted				80,371.92		80,371.92
Miscellaneous Income				5,496.05		5,496.05
Transfers				7,000.00	3,536.43	10,536.43
<b>Total General Revenues, Special Items, Extraordinary Items and Transfers</b>				<b>1,351,573.97</b>	<b>3,536.43</b>	<b>1,355,110.40</b>
Change in Net Position				23,246.84	(6,167.07)	17,079.77
Net Position -- July 1				43,846.96	6,167.07	50,014.03
Net Position -- June 30				<b>\$ 67,093.80</b>	<b>-</b>	<b>\$ 67,093.80</b>

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

FUND FINANCIAL STATEMENTS

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Balance Sheet  
Governmental Funds  
June 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Permanent Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>						
Cash and Cash Equivalents	\$ 20,225.44					\$ 20,225.44
Interfund Accounts Receivable:						
Special Revenue Fund	16,490.45					16,490.45
Enterprise Fund	8,660.75					8,660.75
Fiduciary Fund	4,370.87					4,370.87
Intergovernmental Accounts Receivable:						
State	1,805.80					1,805.80
Federal		\$ 33,208.00				33,208.00
Local Government	5,038.00					5,038.00
<b>Total Assets</b>	<b>\$ 56,591.31</b>	<b>\$ 33,208.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 89,799.31</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>Liabilities:</b>						
Accounts Payable	\$ 15,658.79					\$ 15,658.79
Interfund Accounts Payable						
General Fund		\$ 16,490.45				16,490.45
Unearned Revenue		16,717.55				16,717.55
<b>Total Liabilities</b>	<b>15,658.79</b>	<b>33,208.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,866.79</b>
<b>Fund Balances:</b>						
Committed Fund Balance:						
Year-End Encumbrances	22,876.02					22,876.02
Unassigned:						
General Fund	18,056.50					18,056.50
<b>Total Fund Balances</b>	<b>40,932.52</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,932.52</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 56,591.31</b>	<b>\$ 33,208.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	

(Continued)

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Balance Sheet  
Governmental Funds  
June 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Permanent Fund</u>	<u>Total Governmental Funds</u>
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:						
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$69,441.19, and the accumulated depreciation is \$16,038.36.						\$ 53,402.83
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.						<u>(27,241.55)</u>
Net position of governmental activities						<u>\$ 67,093.80</u>

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Permanent Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>						
Local Levy:						
Local Share	\$ 223,043.00					\$ 223,043.00
State Share	1,035,663.00					1,035,663.00
State Sources	80,371.92					80,371.92
Revenue from Other Sources	5,496.05					5,496.05
Federal Sources		\$ 232,273.95				232,273.95
<b>Total Revenues</b>	<u>1,344,573.97</u>	<u>232,273.95</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,576,847.92</u>
<b>EXPENDITURES:</b>						
Instruction	578,938.55	94,694.20				673,632.75
Administration	383,276.39					383,276.39
Support Services	390,037.50	104,432.75				494,470.25
Capital Outlay		33,147.00				33,147.00
<b>Total Expenditures</b>	<u>1,352,252.44</u>	<u>232,273.95</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,584,526.39</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(7,678.47)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,678.47)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Closing of Before & Aftercare Operations	<u>7,000.00</u>					<u>7,000.00</u>
<b>Net Change in Fund Balances</b>	<u>(678.47)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(678.47)</u>
Fund Balance -- July 1	<u>41,610.99</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,610.99</u>
Fund Balance -- June 30	<u>\$ 40,932.52</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 40,932.52</u>

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2013

Total Net Change in Fund Balances - Governmental Funds		<u>\$ (678.47)</u>
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is normally allocated over their estimated useful lives as depreciation expense. Since such expenditures for the fiscal year ended June 30, 2013 are expenditures for items that did not meet the Charter School's policies for capitalization, such expenditures have been expensed in accordance with the Charter School's policies:</p>		
Depreciation Expense	\$ (15,340.21)	
Capital Outlays	33,147.00	
Less Expensed in accordance with the Charter School's policies	<u>(3,121.00)</u>	
		14,685.79
<p>Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
		<u>9,239.52</u>
Change in Net Position of Governmental Activities		<u><u>\$ 23,246.84</u></u>

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Statement of Net Position  
Proprietary Funds  
June 30, 2013

	Business-Type Activities - Enterprise Funds		
	<u>Food Service</u>	<u>Before / After School Program</u>	<u>Total</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents		\$ 628.67	\$ 628.67
Intergovernmental Accounts Receivable:			
State	\$ 166.17		166.17
Federal	7,865.91		7,865.91
Total Current Assets	<u>8,032.08</u>	<u>628.67</u>	<u>8,660.75</u>
Current Liabilities:			
Interfund Accounts Payable:			
Due General Fund	<u>8,032.08</u>	<u>628.67</u>	<u>8,660.75</u>
Total Current Liabilities	<u>\$ 8,032.08</u>	<u>\$ 628.67</u>	<u>\$ 8,660.75</u>

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2013

	Business-Type Activities - Enterprise Fund		
	<u>Food Service</u>	<u>Before / After School Program</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 7,891.97	\$ 2,199.93	\$ 10,091.90
<b>OPERATING EXPENSES:</b>			
Salaries	8,010.00	1,202.00	9,212.00
Cost of Sales	50,248.36		50,248.36
Other Purchased Services	38.48		38.48
Supplies and Materials	303.16		303.16
Total Operating Expenses	58,600.00	1,202.00	59,802.00
Operating Income / (Loss)	(50,708.03)	997.93	(49,710.10)
<b>NONOPERATING REVENUES (EXPENSES):</b>			
State Sources:			
State School Lunch Program	853.99		853.99
Federal Sources:			
National School Lunch Program	39,317.61		39,317.61
Total Nonoperating Revenues (Expenses)	40,171.60		40,171.60
Income (Loss) before Contributions and Transfers	(10,536.43)	997.93	(9,538.50)
Closed Program - Refunds		(165.00)	(165.00)
Operating Transfer In - General Fund	10,536.43		10,536.43
Operating Transfer Out - General Fund		(7,000.00)	(7,000.00)
Change in Net Position	-	(6,167.07)	(6,167.07)
Net Position -- July 1	-	6,167.07	6,167.07
Net Position -- June 30	-	-	-

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds		
	Food Service	Before / After School Program	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from Customers	\$ 7,891.97	\$ 3,566.60	\$ 11,458.57
Payments to Employees	(8,010.00)		(8,010.00)
Payments to Suppliers	(50,590.00)	(1,202.00)	(51,792.00)
Net Cash Provided by (used for) Operating Activities	<u>(50,708.03)</u>	<u>2,364.60</u>	<u>(48,343.43)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
State Sources	735.75		735.75
Federal Sources	33,264.65		33,264.65
Operating Subsidies and Transfers to other Funds	16,707.63	(5,963.00)	10,744.63
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>50,708.03</u>	<u>(5,963.00)</u>	<u>44,745.03</u>
Net Increase (Decrease) in Cash and Cash Equivalents		(3,598.40)	(3,598.40)
Balances -- Beginning	-	4,227.07	4,227.07
Balances -- June 30	<u>-</u>	<u>\$ 628.67</u>	<u>\$ 628.67</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (50,708.03)	\$ 997.93	\$ (49,710.10)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Increase (Decrease) in Accounts Payable		1,366.67	1,366.67
Net Cash Provided by (used for) Operating Activities	<u>\$ (50,708.03)</u>	<u>\$ 2,364.60</u>	<u>\$ (48,343.43)</u>

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2013

	<u>Trust Fund</u>	<u>Agency Fund</u>	
	<u>Unemployment</u>	<u>Student Activity</u>	<u>Payroll</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 2,480.43	\$ 671.56	\$ 7,527.03
Interfund Accounts Receivable Due from Payroll Agency Account	<u>3,156.16</u>		
<b>Total Assets</b>	<u><u>\$ 5,636.59</u></u>	<u><u>\$ 671.56</u></u>	<u><u>\$ 7,527.03</u></u>
<b>LIABILITIES:</b>			
Payable to Student Groups		\$ 671.56	
Interfund Accounts Payable: Due to General Fund			\$ 4,370.87
Due to Unemployment Trust Fund			<u>3,156.16</u>
<b>Total Liabilities</b>	<u>-</u>	<u><u>\$ 671.56</u></u>	<u><u>\$ 7,527.03</u></u>
<b>NET POSITION:</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 5,636.59</u>		
<b>Total Net Position</b>	<u><u>\$ 5,636.59</u></u>		

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Statement of Net Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2013

	Unemployment Compensation Trust <u>Fund</u>
ADDITIONS:	
Contributions:	
General Fund Contribution	\$ 6,573.93
Interfund Accounts Receivable	
Due from Payroll Agency Account	1,902.01
Total Additions	8,475.94
DEDUCTIONS:	
Program Expenditures	4,093.50
Total Deductions	4,093.50
Change in Net Position	4,382.44
Net Position, Beginning	1,254.15
Net Position, June 30	\$ 5,636.59

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Description of the Reporting Entity**

The Millville Public Charter School (hereafter referred to as the "Charter School") is K-3 charter school located in the County of Cumberland, State of New Jersey. As a Charter School, the Millville Public Charter School, Inc. functions independently through a Board of Trustees (the "Board"). The Board consists of five appointed officials. A school coordinator is appointed by the Board and is responsible for the administrative control of the school. The Board's responsibility is to supervise and control the operations of the Charter School. The Board's responsibility is to supervise and control the operations of the Charter School. The purpose of the Charter School is to educate students currently in grades K-3 at the Charter School's location in Millville, New Jersey. The Millville Public Charter School has an approximate enrollment at June 30, 2013 of 142.

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Charter School over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

**Component Units**

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, provide guidance that all entities associated with a primary government are potential component units, and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39. In addition, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. In addition, GASB Statement No. 61 clarifies the manner in which component units are presented (discretely presented, blended, or included in the fiduciary fund financial statements).

Based on the aforementioned, the Charter School has determined that no component units exist for the fiscal year ended June 30, 2013.

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

The Charter School's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which 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 primary government, except for fiduciary funds.

The government-wide financial statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the Charter School to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Charter School. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Charter School.

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

The governmental funds are accounted for on the "flow of current financial resources" measurement focus. This measurement focus is based on the concept of accountability, which includes measuring interperiod equity whether current year revenues were sufficient to pay for current year services. The proprietary fund is accounted for on an "economic resources" measurement focus. Accordingly, statement of revenues, expenses and changes in fund net position for the proprietary fund reports increases and decreases in total economic worth. The private-purpose trust fund is reported using the economic resources measurement focus.

**Governmental Funds** - Governmental funds are those through which most Charter School functions are financed. The acquisition, use, and balances of the Charter School's expendable financial resources and the related liabilities, except those accounted for in the proprietary fund and fiduciary funds, are accounted for through the governmental funds. The measurement focus is upon determination of changes in financial resources rather than upon determination of net income. The following are the Charter School's major governmental funds:

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

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

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

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

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

**Capital Projects Fund** - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes, or serial bonds which 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, 2013, the Charter School did not maintain a Capital Projects Fund.

**Debt Service Fund** - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. As of June 30, 2013, the Charter School did not maintain a Debt Service Fund.

**Permanent Fund** - The permanent fund is used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the Charter School's programs, that is, for the benefit of the Charter School or its students as a whole. As of June 30, 2013, the Charter School did not maintain a Permanent Fund.

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

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

The Charter School maintains the following enterprise funds:

***Food Service Fund*** - This fund accounts for the financial transactions related to the food service operations of the Charter School.

***Before / After School Program Fund*** - This fund accounts for the financial activity related to additional childcare operations of the Charter School.

**Fiduciary Funds**

Fiduciary funds are used to account for assets held by the Charter School on behalf of outside related organizations or on behalf of other funds within the Charter School. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The Charter School maintains the following fiduciary funds:

***Agency Funds*** - Agency funds are used to account for assets held by the Charter School in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). The Charter School retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Charter School maintains the following agency funds: payroll fund and student activity fund.

***Private-Purpose Trust Funds*** - Private-purpose trust funds are used to account for the principal and income for all other trust arrangements that benefit individuals, private organizations, or other governments. The Charter School maintains the following private-purpose trust fund:

**New Jersey Unemployment Compensation Insurance Trust Fund** - Revenues consist of contributions that have been included in the annual budget of the Charter School, employee payroll withholdings, and interest income. Expenditures represent claims incurred for unemployment.

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

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

**Modified Accrual**

Under the modified accrual basis, revenues are recognized in the accounting period in which they become susceptible to accrual, i.e. both available and measurable. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues susceptible to accrual include ad valorem taxes, reimbursable-type grants, and interest on investments. The Charter School considers all revenues, with the exception of the expenditure-driven grants, as available if they are collected within sixty (60) days after fiscal year-end. The expenditure driven grants are considered available if received within one fiscal year from the balance sheet date. Expenditures are recognized in the accounting period in which the liability is incurred. However, exceptions include the amount of unmatured principal and interest on general long-term debt, compensated absences, claims and judgments and certain prepaids which are recognized when due / paid.

In applying the susceptible to accrual concept to revenues from federal and state sources, the legal contractual requirements of the numerous individual programs are used as guidance. Revenue from grants and entitlements is recognized when all eligibility requirements have been satisfied. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before the Charter School will receive any amounts; therefore, revenues are recognized based on the occurrence of expenditures. In the other type, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed legal and contractual requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. In cases where monies are received and all eligibility requirements, including timing, have been satisfied, but the occurrence of expenditure has yet to happen, amounts are reported as unearned revenue. Conversely, where monies are received but eligibility requirements, including timing, have yet to be satisfied, such amounts are reported as deferred inflows of resources.

**Accrual**

Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred.

**Budgets / Budgetary Control**

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

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

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. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

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

**Encumbrances**

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

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

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

**Cash, Cash Equivalents and Investments**

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Cash, Cash Equivalents and Investments (Cont'd)**

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

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

**Inventories**

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

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

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

**Tuition Receivable**

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

**Revenues from District of Residence, Region of Residence and Non-Resident Districts** - The Charter School's primary source of revenue is from the district of residence, region of residence or non-resident districts from which its students are enrolled in the Charter School. The amounts are calculated from the most recent budget data of the student's district.

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

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

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

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2013.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as an expenditure in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund. As of June 30, 2013, the Charter School does not have any prepaid expenses.

**Short-Term Interfund Receivables / Payables**

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

**Capital Assets**

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

The Charter School's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	3 - 15 Years
Motor Vehicles	5 - 10 Years
Audio / Video Materials and Software	3 - 5 Years
Buildings and Improvements	15 - 50 Years
Land Improvements	15 Years

The Charter School does not possess any infrastructure assets.

**Unearned Revenue**

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Accrued Liabilities and Long-Term Obligations**

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

**Net Position**

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

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

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

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

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

**Fund Balance**

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

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

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

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

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

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

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

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

**Interfund Activity**

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

**Accounting Estimates**

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

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

In November 2010, the GASB issued Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*. GASBS 60 provides financial reporting guidance for service concession arrangements (SCAs). SCAs are defined as an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This Statement is effective for periods beginning after December 15, 2011. The Charter School does not have any SCAs and therefore the adoption of GASBS 60 does not have any impact on the Charter School's financial statements.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued and Adopted Accounting Pronouncements**

In November 2010, the GASB issued Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASBS 61 provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. This Statement is effective for periods beginning after June 15, 2012. The Charter School elected to early implement GASBS 61 effective for fiscal year 2013. The adoption of GASBS 61, however, does not have any impact on the Charter School's financial statements.

In December 2010, the GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASBS 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This Statement is effective for periods beginning after December 15, 2011. The adoption of GASBS 62 does not have any impact on the Charter School's financial statements.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASBS 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components: assets, deferred outflows of resources, liabilities, and deferred inflows of resources. This Statement is effective for financial statements for periods beginning after December 15, 2011. The adoption of GASBS 63, however, does not have a material impact on the Charter School's financial statements.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASBS 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement is effective for periods beginning after December 15, 2012. The Charter School elected to early implement GASBS 65 effective for fiscal year 2013. The adoption of GASBS 65 does not have any impact on the Charter School's financial statements.

In March 2012, the GASB issued Statement 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*. GASBS 66 is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement 62 and Statements No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. This Statement is effective for periods beginning after December 15, 2012. Management is currently evaluating the impact of the adoption of this Statement on the Charter School's financial statements although no impact is expected.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued Accounting Pronouncements**

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. GASBS 67 is to improve the usefulness of pension information included in the general purpose external financial reports (financial reports) of state and local governmental pension plans for making decisions and assessing accountability. This Statement is effective for periods beginning after June 15, 2013. The Charter School does not administer any state or local pension plans; therefore, the adoption of GASBS 67 will not have any impact on the Charter School's financial statements.

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. GASBS 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. In addition, this Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement is effective for periods beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this Statement on the Charter School's financial statements and expects the impact to be material.

In January 2013, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*. GASBS 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement is effective for periods beginning after December 15, 2013. Management is currently evaluating the impact of the adoption of this Statement on the Charter School's financial statements although no impact is expected.

In April 2013, the GASB issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. GASBS 70 is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. This Statement is effective for periods beginning after June 15, 2013. Management is currently evaluating the impact of the adoption of this Statement on the Charter School's financial statements although no impact is expected.

**Note 2: CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the Charter School's deposits might not be recovered. Although the Charter School does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Charter School in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the Charter School relative to the happening of a future condition. All of the Charter School's bank balance of \$89,673.96 as of June 30, 2013 was insured or collateralized.

**Note 3: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2013 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds.

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

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>	<b>Total</b>
Intergovernmental	\$ 1,805.80	\$ 33,208.00	\$ 8,032.08	-	\$ 43,045.88

**Note 4: INVENTORY**

At June 30, 2013, the Charter School did not have any inventory.

**Note 5: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2013 is as follows:

	<b>Balance June 30, 2012</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2013</b>
<b>Governmental Activities:</b>				
General Equipment	\$ 6,981.48	\$ 62,459.71	-	\$ 69,441.19
Total Capital Assets, being Depreciated	6,981.48	62,459.71	-	69,441.19
General Equipment	(698.15)	(15,340.21)	-	(16,038.36)
Total Accumulated Depreciation	(698.15)	(15,340.21) *	-	(16,038.36)
Total Capital Assets, being Depreciated, Net	6,283.33	47,119.50	-	53,402.83
Governmental Activities Capital Assets, Net	\$ 6,283.33	\$ 47,119.50	-	\$ 53,402.83

**Note 5: CAPITAL ASSETS (CONT'D)**

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

Support Services	\$ 15,340.21
Total Depreciation Expense	<u>\$ 15,340.21</u>

**Note 6: LONG-TERM LIABILITIES**

During the fiscal year ended June 30, 2013, the following changes occurred in long-term obligations:

	<u>Principal Outstanding June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2013</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Capital Leases Payable	\$ 4,047.36	\$ 32,433.71	\$ (9,239.52)	\$ 27,241.55	\$ 12,847.44

**Capital Leases Payable** - The Charter School is leasing telephone equipment and playground equipment under capital leases. All capital leases are for terms of *three to five years*. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2013.

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 12,847.44	\$ 1,568.40	\$ 14,415.84
2015	10,823.76	1,264.92	12,088.68
2016	3,570.35	421.64	3,991.99
	<u>\$ 27,241.55</u>	<u>\$ 3,254.96</u>	<u>\$ 30,496.51</u>

**Note 7: OPERATING LEASES**

At June 30, 2013, the Charter School had operating lease agreements in effect for a facility. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Amount</u>
2014	\$ 236,000.00
2015	256,000.00
	<u>\$ 492,000.00</u>

Rental payments under operating leases for the fiscal year ended June 30, 2013 were \$204,000.00.

**Note 8: PENSION PLANS**

A substantial number of the Charter School's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System, which are administered by the New Jersey Division of Pensions and Benefits. Also, certain employees can participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295

**Teachers' Pension and Annuity Fund** - The Teachers' Pension and Annuity Fund ("TPAF") is a cost-sharing contributory defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members are determined by State statute. In accordance with Chapters 113, 114 and 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase will be phased-in over seven years, which began July 1, 2012. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the Charter School and all other related non-contributing employers. No normal or accrued liability contribution by the district has been required over several preceding fiscal years.

**Public Employees' Retirement System** - The Public Employees' Retirement System ("PERS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The Charter School was not billed and made no payments for the PERS retirement program during the period ended June 30, 2013.

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program ("DCRP") is a cost-sharing multiple-employer defined contribution pension fund which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

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

**Defined Contribution Retirement Program (Cont'd)** - The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Charter School's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

As of June 30, 2013, the Charter School did not have any employees participating in the defined contribution retirement program.

**Note 9: STATE POST-RETIREMENT MEDICAL BENEFITS**

P.L. 1987, c.384 of P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees receiving postemployment medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire from a Board of Trustees or county college with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in fiscal year 2012.

**Note 10: RISK MANAGEMENT**

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

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

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

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>School</u> <u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Claims</u> <u>Incurred</u>	<u>Ending</u> <u>Balance</u>
2013	\$ 6,573.93	\$ 1,902.01	\$ 4,093.50	\$ 5,636.59
2012	-	1,254.15	-	1,254.15

**Note 11: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of June 30, 2013 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 29,522.07	
Special Revenue		\$ 16,490.45
Proprietary		8,660.75
Fiduciary	3,156.16	7,527.03
	<u>\$ 32,678.23</u>	<u>\$ 32,678.23</u>

The interfund payable in the Special Revenue Fund represents financial activity where the Charter School has receivables for Federal Grants. The interfund payable in the Proprietary Funds and the Fiduciary Funds represent timing differences at fiscal year-end. All of these interfund balances are expected to be liquidated within one year.

**Note 12: DISCONTINUED OPERATIONS**

As of October of 2012, the Charter School ceased their operation of a Before and Aftercare program.

**Note 13: FUND BALANCES****ASSIGNED**

As stated in Note 1, the assigned fund balance classification includes amounts that are constrained by the Charter School's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the Charter School's fund balance are summarized as follows:

**General Fund -**

**Other Purposes** - As of June 30, 2013, the Charter School had \$22,876.02 of encumbrances outstanding for purchase orders and contracts signed by the Charter School, but not completed, as of the close of the fiscal year.

**UNASSIGNED**

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

**General Fund** - As of June 30, 2013, \$18,056.50 of general fund balance was unassigned.

REQUIRED SUPPLEMENTARY INFORMATION  
PART II

BUDGETARY COMPARISON SCHEDULES

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Levy:					
Local Share - Charter School Aid				\$ 223,043.00	\$ 223,043.00
State Share - Charter School Aid	\$ 1,241,879.00		\$ 1,241,879.00	1,035,663.00	(206,216.00)
Total - Local Levy	1,241,879.00	-	1,241,879.00	1,258,706.00	16,827.00
Categorical and Other State Aid:					
Special Education Aid	44,574.00		44,574.00	3,712.00	(40,862.00)
Security Aid	39,430.00		39,430.00	39,777.00	347.00
TPAF Social Security (Reimbursed)				36,882.92	36,882.92
Total - Categorical and Other State Aid	84,004.00	-	84,004.00	80,371.92	(3,632.08)
Revenue from Other Sources:					
Miscellaneous		-		5,496.05	5,496.05
Total - Revenue from Other Sources	-	-	-	5,496.05	5,496.05
Total Revenues	1,325,883.00	-	1,325,883.00	1,344,573.97	18,690.97

(Continued)

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	\$ 484,516.00	\$ 5,706.70	\$ 490,222.70	\$ 465,099.32	\$ 25,123.38
Other Salaries for Instruction	20,500.00	(11,288.00)	9,212.00		9,212.00
Purchases Professional Technical Services	19,000.00	7,121.45	26,121.45	25,700.45	421.00
Other Purchased Services	500.00		500.00	482.97	17.03
General Supplies	32,625.00	5,028.77	37,653.77	36,792.05	861.72
Textbooks	64,389.18	(11,935.48)	52,453.70	49,435.35	3,018.35
Miscellaneous	1,440.00	229.55	1,669.55	1,428.41	241.14
<b>Total Instructional Expenses</b>	<b>622,970.18</b>	<b>(5,137.01)</b>	<b>617,833.17</b>	<b>578,938.55</b>	<b>38,894.62</b>
Administration:					
Salaries-Administration	145,000.00	51,724.97	196,724.97	196,724.97	
Salaries of Secretarial and Clerical Assistants	50,750.00	(50,750.00)			
Total Benefits Costs	150,642.00	(15,618.88)	135,023.12	134,892.63	130.49
Purchased Professional and Technical Services	22,000.00	3,314.56	25,314.56	24,619.51	695.05
Other Purchased Services		7,800.00	7,800.00	7,800.00	
Communications	9,060.00	6,315.19	15,375.19	15,358.00	17.19
Office Supplies and Materials	1,000.00	191.98	1,191.98	1,191.98	
Interest on Current Loans	1,000.00	(1,000.00)			
Miscellaneous Expense	2,100.00	629.71	2,729.71	2,689.30	40.41
<b>Total Administrative Expenses</b>	<b>381,552.00</b>	<b>2,607.53</b>	<b>384,159.53</b>	<b>383,276.39</b>	<b>883.14</b>
Support Services:					
Salaries	68,000.00	(6,717.67)	61,282.33	61,282.33	
Purchased Professional and Technical Services	31,000.00	(21,488.69)	9,511.31	6,306.51	3,204.80
Other Purchased Services	4,838.25	39,459.12	44,297.37	43,381.41	915.96
Rental of Land and Buildings	182,000.00	(10,280.00)	171,720.00	171,720.00	
Insurance for Property, Liability and Fidelity	23,500.00	(1,251.16)	22,248.84	22,248.84	
Supplies and Materials	3,000.00	7,000.00	10,000.00	9,753.20	246.80
Transportation - Other than to and from School	1,000.00	250.00	1,250.00	1,250.00	
Energy Costs (Heat and Electricity)	12,000.00	12,000.00	24,000.00	24,000.00	
Miscellaneous	2,000.00	11,300.00	13,300.00	13,212.29	87.71
<b>Total Support Services Expenses</b>	<b>327,338.25</b>	<b>30,271.60</b>	<b>357,609.85</b>	<b>353,154.58</b>	<b>4,455.27</b>

(Continued)

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
TPAF Social Security (Reimbursed)	-	-	-	\$ 36,882.92	\$ (36,882.92)
Total Expenditures	\$ 1,331,860.43	\$ 27,742.12	\$ 1,359,602.55	1,352,252.44	7,350.11
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,977.43)	(27,742.12)	(33,719.55)	(7,678.47)	26,041.08
Other Financing Sources (Uses):					
Closing of Before & Aftercare Operations				7,000.00	7,000.00
Total Other Financing Sources (Uses)	-	-	-	7,000.00	7,000.00
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(5,977.43)	(27,742.12)	(33,719.55)	(678.47)	33,041.08
Fund Balances, Beginning	-	-	-	41,610.99	41,610.99
Fund Balances, June 30	<u>\$ (5,977.43)</u>	<u>\$ (27,742.12)</u>	<u>\$ (33,719.55)</u>	<u>\$ 40,932.52</u>	<u>\$ 74,652.07</u>
Recapitulation:					
Fund Balances:					
Assigned Fund Balance:					
Year-End Encumbrances				\$ 22,876.02	
Unassigned				18,056.50	
				<u>\$ 40,932.52</u>	

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>REVENUES:</b>					
Federal Sources:					
Title I	\$ 63,301.00		\$ 63,301.00	\$ 63,301.00	
Title IIA		\$ 930.00	930.00	930.00	
I.D.E.A. Basic	19,117.00	4,102.75	23,219.75	23,219.75	
Charter School Grant Program	175,000.00		175,000.00	155,140.00	\$ (19,860.00)
Race to the Top	2,291.00		2,291.00	2,291.00	
Total - Federal Sources	<u>259,709.00</u>	<u>5,032.75</u>	<u>264,741.75</u>	<u>244,881.75</u>	<u>(19,860.00)</u>
Total Revenues	<u>259,709.00</u>	<u>5,032.75</u>	<u>264,741.75</u>	<u>244,881.75</u>	<u>(19,860.00)</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	54,676.00		54,676.00	34,816.00	19,860.00
Instructional Supplies	59,745.00		59,745.00	59,745.00	
Total Instruction	<u>114,421.00</u>	<u>-</u>	<u>114,421.00</u>	<u>94,561.00</u>	<u>19,860.00</u>
Support Services:					
Personal Services - Employee Benefits	7,385.00		7,385.00	7,385.00	
Purchased Professional and Technical Services	104,282.00	5,032.75	109,314.75	109,314.75	-
Supplies and Materials	291.00		291.00	291.00	
Total Support Services	<u>111,958.00</u>	<u>5,032.75</u>	<u>116,990.75</u>	<u>116,990.75</u>	<u>-</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment	30,420.00		30,420.00	30,420.00	
Non-instructional Equipment	2,910.00		2,910.00	2,910.00	
Total Facilities Acquisition and Construction Services	<u>33,330.00</u>	<u>-</u>	<u>33,330.00</u>	<u>33,330.00</u>	
Total Expenditures	<u>259,709.00</u>	<u>5,032.75</u>	<u>264,741.75</u>	<u>244,881.75</u>	<u>19,860.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Note to RSI  
 For the Fiscal Year Ended June 30, 2013

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) "revenues" from the budgetary comparison schedules	\$ 1,344,573.97	\$ 244,881.75
<b>Differences - Budget to GAAP:</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(12,607.80)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,344,573.97</u>	<u>\$ 232,273.95</u>
<b>Uses / Outflows of Resources:</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 1,352,252.44	\$ 244,881.75
<b>Differences - Budget to GAAP:</b>		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(12,607.80)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 1,352,252.44</u>	<u>\$ 232,273.95</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Special Revenue Fund  
Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2013

	NCLB		I.D.E.A. Basic	Race to the Top	Charter School Grant Program	Total
	Title I	Title II A				
<b>REVENUES:</b>						
Federal Sources	\$ 63,301.00	\$ 930.00	\$ 23,219.75	\$ 2,291.00	\$ 155,140.00	\$ 244,881.75
Total Revenues	<u>63,301.00</u>	<u>930.00</u>	<u>23,219.75</u>	<u>2,291.00</u>	<u>155,140.00</u>	<u>244,881.75</u>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers	33,676.00				1,140.00	34,816.00
Instructional Supplies	15,925.00				43,820.00	59,745.00
Total Instruction	<u>49,601.00</u>	<u>-</u>		<u>-</u>	<u>44,960.00</u>	<u>94,561.00</u>
Support Services:						
Personal Services - Employee Benefits	5,535.00				1,850.00	7,385.00
Purchased Professional and Technical Services	8,165.00	930.00	23,219.75	2,000.00	75,000.00	109,314.75
Supplies and Materials				291.00		291.00
Total Support Services	<u>13,700.00</u>	<u>930.00</u>	<u>23,219.75</u>	<u>2,291.00</u>	<u>76,850.00</u>	<u>116,990.75</u>
Facilities Acquisition and Construction Services:						
Instructional Equipment					30,420.00	30,420.00
Noninstructional Equipment					2,910.00	2,910.00
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,330.00</u>	<u>33,330.00</u>
Total Expenditures	<u>63,301.00</u>	<u>930.00</u>	<u>23,219.75</u>	<u>2,291.00</u>	<u>155,140.00</u>	<u>244,881.75</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## PROPRIETARY FUNDS

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Enterprise Funds  
 Combining Statement of Net Position  
 June 30, 2013

	<u>Food Service</u>	<u>Before / After School Program</u>	<u>Total</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents		\$ 628.67	\$ 628.67
Intergovernmental Accounts Receivable:			
State	\$ 166.17		166.17
Federal	7,865.91		7,865.91
Total Current Assets	<u>8,032.08</u>	<u>628.67</u>	<u>8,660.75</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Interfund Accounts Payable:			
Due General Fund	8,032.08	628.67	8,660.75
Total Current Liabilities	<u>\$ 8,032.08</u>	<u>\$ 628.67</u>	<u>\$ 8,660.75</u>

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Enterprise Funds  
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
 For the Fiscal Year Ended June 30, 2013

	<u>Food Service</u>	<u>Before / After School Program</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 7,891.97	\$ 2,199.93	\$ 10,091.90
<b>OPERATING EXPENSES:</b>			
Salaries	8,010.00	1,202.00	9,212.00
Cost of Sales	50,248.36		50,248.36
Other Purchased Services	38.48		38.48
Supplies and Materials	303.16		303.16
Total Operating Expenses	58,600.00	1,202.00	59,802.00
Operating Income / (Loss)	(50,708.03)	997.93	(49,710.10)
<b>NONOPERATING REVENUES (EXPENSES):</b>			
State Sources:			
State School Lunch Program	853.99		853.99
Federal Sources:			
National School Lunch Program	39,317.61		39,317.61
Total Nonoperating Revenues (Expenses)	40,171.60		40,171.60
Income (Loss) before Contributions and Transfers	(10,536.43)	997.93	(9,538.50)
Closed Program - Refunds		(165.00)	(165.00)
Operating Transfer In - General Fund	10,536.43		10,536.43
Operating Transfer Out - General Fund		(7,000.00)	(7,000.00)
Change in Net Position	-	(6,167.07)	(6,167.07)
Net Position -- July 1	-	6,167.07	6,167.07
Net Position -- June 30	-	-	-

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Enterprise Funds  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2013

	<u>Food Service</u>	<u>Before / After School Program</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from Customers	\$ 7,891.97	\$ 3,566.60	\$ 11,458.57
Payments to Employees	(8,010.00)		(8,010.00)
Payments to Suppliers	<u>(50,590.00)</u>	<u>(1,202.00)</u>	<u>(51,792.00)</u>
Net Cash Provided by (used for) Operating Activities	<u>(50,708.03)</u>	<u>2,364.60</u>	<u>(48,343.43)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
State Sources	735.75		735.75
Federal Sources	33,264.65		33,264.65
Operating Subsidies, Transfers to Other Funds and Refunds	<u>16,707.63</u>	<u>(5,963.00)</u>	<u>10,744.63</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>50,708.03</u>	<u>(5,963.00)</u>	<u>44,745.03</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	(3,598.40)	(3,598.40)
Cash and Cash Equivalents -- Beginning	-	4,227.07	4,227.07
Cash and Equivalents -- June 30	<u>-</u>	<u>\$ 628.67</u>	<u>\$ 628.67</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)</b>			
by Operating Activities:			
Operating Income (Loss)	\$ (50,708.03)	\$ 997.93	\$ (49,710.10)
Adjustments to Reconcile Operating Income (Loss) to Net Cash			
Provided by (used for) Operating Activities:			
(Increase) Decrease in Accounts Receivable, net		<u>1,366.67</u>	<u>1,366.67</u>
Total Adjustments	-	<u>1,366.67</u>	<u>1,366.67</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (50,708.03)</u>	<u>\$ 2,364.60</u>	<u>\$ (48,343.43)</u>

## FIDUCIARY FUNDS

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Fiduciary Funds  
 Statement of Fiduciary Net Position  
 June 30, 2013

	<u>Trust Fund</u>	<u>Agency Fund</u>		<u>Total</u>
	<u>Unemployment</u>	<u>Student Activity</u>	<u>Payroll</u>	
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 2,480.43	\$ 671.56	\$ 7,527.03	\$ 10,679.02
Interfund Accounts Receivable				
Due from Payroll Agency Account	<u>3,156.16</u>			<u>3,156.16</u>
<b>Total Assets</b>	<u><u>\$ 5,636.59</u></u>	<u><u>\$ 671.56</u></u>	<u><u>\$ 7,527.03</u></u>	<u><u>\$ 13,835.18</u></u>
<b>LIABILITIES:</b>				
Payable to Student Groups		\$ 671.56		\$ 671.56
Interfund Accounts Payable:				
Due to General Fund			\$ 4,370.87	4,370.87
Due to Unemployment Trust Fund			<u>3,156.16</u>	<u>3,156.16</u>
<b>Total Liabilities</b>	<u>-</u>	<u><u>\$ 671.56</u></u>	<u><u>\$ 7,527.03</u></u>	<u><u>\$ 8,198.59</u></u>
<b>Net Position:</b>				
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 5,636.59</u>			<u>\$ 5,636.59</u>
	<u><u>\$ 5,636.59</u></u>			<u><u>\$ 5,636.59</u></u>

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Fiduciary Funds  
Statement of Net Changes in Fiduciary Net Position  
For the Fiscal Year Ended June 30, 2013

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	<u>Unemployment Compensation</u>
ADDITIONS:	
Contributions	
General Fund Contribution	\$ 6,573.93
Interfund Accounts Receivable	
Due from Payroll Agency Account	<u>1,902.01</u>
Total Additions	<u>8,475.94</u>
DEDUCTIONS:	
Program Expenditures	<u>4,093.50</u>
Total Deductions	<u>4,093.50</u>
Change in Net Position	4,382.44
Net Position -- July 1	<u>1,254.15</u>
Net Position -- June 30	<u><u>\$ 5,636.59</u></u>

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Fiduciary Funds  
 Student Activity Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2013

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	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Total Elementary School	-	\$ 671.56	-	\$ 671.56

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Fiduciary Funds  
 Payroll Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 3,636.91	\$ 786,057.44	\$ 782,167.32	\$ 7,527.03
Due from Bank	1,060.15		1,060.15	
	<u>\$ 4,697.06</u>	<u>\$ 786,057.44</u>	<u>\$ 783,227.47</u>	<u>\$ 7,527.03</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 2,935.30	\$ 245,596.48	\$ 248,531.78	
Net Payroll		533,058.90	533,058.90	
Interfund Accounts Payable:				
Due General Fund	507.61	5,500.05	1,636.79	\$ 4,370.87
Due Unemployment Trust Fund	1,254.15	1,902.01		3,156.16
Total Liabilities	<u>\$ 4,697.06</u>	<u>\$ 786,057.44</u>	<u>\$ 783,227.47</u>	<u>\$ 7,527.03</u>

STATISTICAL SECTION

## Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the Charter School's financial position has changed over time. Please refer to the following exhibits for a historical view of the Charter School's financial performance. Note that Exhibits J-1, J-2, J-3 and J-4 are only presented for two fiscal years as the Charter School's first full year of operations were for the eighteen months ended June 30, 2012; thus, ten year comparative financial information is unavailable.

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Net Position by Component  
 Last Two Fiscal Years (accrual basis of accounting)  
 Unaudited

	Fiscal Year Ended <u>June 30, 2013</u>	Fiscal Year Ended <u>June 30, 2012 (1)</u>
Governmental Activities		
Net Investment in Capital Assets	\$ 26,161.28	\$ 2,235.97
Restricted	22,876.02	19,977.43
Unrestricted	<u>18,056.50</u>	<u>21,633.56</u>
Total Governmental Activities Net Position	<u>\$ 67,093.80</u>	<u>\$ 43,846.96</u>
Business-type Activities		
Net Investment in Capital Assets	-	-
Restricted	-	-
Unrestricted	<u>-</u>	<u>\$ 6,167.07</u>
Total Business-type Activities Net Position	<u>-</u>	<u>\$ 6,167.07</u>
District-wide		
Net Investment in Capital Assets	\$ 26,161.28	\$ 2,235.97
Restricted	22,876.02	19,977.43
Unrestricted	<u>18,056.50</u>	<u>27,800.63</u>
Total District-wide Net Position	<u>\$ 67,093.80</u>	<u>\$ 50,014.03</u>

Source: Charter School's Records

(1) For 2012, the operating period is January 1, 2011 - June 30, 2012.

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Changes in Net Position  
 Last Two Fiscal Years (accrual basis of accounting)  
 Unaudited

	Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2012 (1)
<b>Expenses</b>		
Governmental Activities		
Instruction	\$ 673,632.75	\$ 417,524.42
Admissions	383,276.39	200,848.78
Support Services	500,570.94	335,072.30
Capital Outlay	3,121.00	
Total Governmental Activities Expenses	<u>1,560,601.08</u>	<u>953,445.50</u>
Business-type Activities:		
Food Service	58,600.00	33,020.82
Before & After School Program	1,202.00	1,430.68
Total Business-type Activities Expense	<u>59,802.00</u>	<u>34,451.50</u>
Total District Expenses	<u>\$ 1,620,403.08</u>	<u>\$ 987,897.00</u>
<b>Program Revenues</b>		
Governmental Activities:		
Operating Grants and Contributions	\$ 232,273.95	\$ 39,006.50
Total Governmental Activities Program Revenues	<u>232,273.95</u>	<u>39,006.50</u>
Business-type activities:		
Charges for services		
Food Service	7,891.97	7,045.59
Before & After School Program	2,034.93	10,197.75
Operating Grants and Contributions	40,171.60	22,108.68
Total Business-type Activities Program Revenues	<u>50,098.50</u>	<u>39,352.02</u>
Total District Program Revenues	<u>\$ 282,372.45</u>	<u>\$ 78,358.52</u>
<b>General Revenues and Other Changes in Net Position</b>		
Governmental Activities:		
Local Levy and Charter School Aid	\$ 1,339,077.92	\$ 951,117.85
Miscellaneous Income	5,496.05	8,434.66
Transfers	7,000.00	(1,266.55)
Total Governmental Activities	<u>1,351,573.97</u>	<u>958,285.96</u>
Business-type activities:		
Transfers	3,536.43	1,266.55
Total Business Activities	<u>3,536.43</u>	<u>1,266.55</u>
Total District-wide	<u>\$ 1,351,573.97</u>	<u>\$ 958,285.96</u>
<b>Net (Expense)/Revenue</b>		
Governmental Activities	\$ 23,246.84	\$ 43,846.96
Business-type Activities	<u>(6,167.07)</u>	<u>6,167.07</u>
Total District-wide Net (Expense)/Revenue	<u>\$ 17,079.77</u>	<u>\$ 50,014.03</u>

Source: Charter School's Records

(1) For 2012, the operating period is January 1, 2011 - June 30, 2012.

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Fund Balances - Governmental Funds  
Last Two Fiscal Years (modified accrual basis of accounting)  
Unaudited

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	Fiscal Year Ended <u>June 30, 2013</u>	Fiscal Year Ended <u>June 30, 2012 (1)</u>
General Fund		
Committed	\$ 22,876.02	
Assigned	-	\$ 19,977.43
Unassigned	18,056.50	21,633.56
Total General Fund	\$ 40,932.52	\$ 41,610.99

Source: Charter School's Records

(1) For 2012, the operating period is January 1, 2011 - June 30, 2012.

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Changes in Fund Balances, Governmental Funds  
 Last Two Fiscal Years (modified accrual basis of accounting)  
 Unaudited

	<u>June 30, 2013</u>	<u>June 30, 2012 (1)</u>
<b>Revenues</b>		
Local Levy	\$ 223,043.00	\$ 151,471.00
Categorical Aid	1,035,663.00	711,903.00
Revenue From Other Sources	80,371.92	87,743.85
State Sources	5,496.05	8,434.66
Federal Sources	<u>232,273.95</u>	<u>39,006.50</u>
Total Revenue	<u>1,576,847.92</u>	<u>998,559.01</u>
<b>Expenditures</b>		
Instruction	673,632.75	417,524.42
Administration	383,276.39	200,848.78
Support Services	494,470.25	333,273.52
Capital Outlay	<u>33,147.00</u>	<u>7,901.30</u>
Total Expenditures	<u>1,584,526.39</u>	<u>959,548.02</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,678.47)</u>	<u>39,010.99</u>
<b>Other Financing Sources (Uses)</b>		
Transfers In	<u>7,000.00</u>	<u>2,600.00</u>
Net Change in Fund Balances	<u>\$ (678.47)</u>	<u>\$ 41,610.99</u>
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A

Source: Charter School's Records

(1) For 2012, the operating period is January 1, 2011 - June 30, 2012.

## Debt Capacity Information

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Ratios of Outstanding Debt by Type  
Last Two Fiscal Years  
Unaudited

Fiscal Year Ended <u>June 30,</u>	<u>Governmental Activities</u>				<u>Business-Type Activities</u>		<u>Total District</u>	Percentage of Personal <u>Income (2)</u>	<u>Per Capita (2)</u>
	<u>General Obligation Bonds</u>	<u>Mortgages Payable</u>	<u>Capital Leases</u>	<u>Loan Payable</u>	<u>Capital Leases</u>				
2013	N/A	N/A	\$ 27,241.55	N/A	N/A	N/A	N/A	N/A	
2012 (1)	N/A	N/A	4,047.36	\$ 5,000.00	N/A	N/A	N/A	N/A	

**Note:** The Charter School does not have outstanding debt.

(1) For 2012, the operating period is January 1, 2011 - June 30, 2012.

## Demographic and Economic Information

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Demographic and Economic Statistics (1)  
Last Ten Fiscal Years  
Unaudited

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<u>Year</u>	<u>Population (2)</u>	<u>Personal Income (3)</u>	<u>Per Capita Personal Income (4)</u>	<u>Unemployment Rate (5)</u>
2013		unavailable	unavailable	
2012	28,619	\$ 1,009,449,368.00	\$ 35,272.00	14.30%
2011	28,511	966,722,477.00	33,907.00	13.50%
2010	28,400	929,816,000.00	32,740.00	14.20%
2009	28,298	922,429,906.00	32,597.00	13.00%
2008	28,180	860,166,320.00	30,524.00	8.00%
2007	27,972	820,167,012.00	29,321.00	6.60%
2006	27,766	773,866,186.00	27,871.00	8.40%
2005	27,538	750,327,886.00	27,247.00	8.00%
2004	27,297	726,782,625.00	26,625.00	7.40%

**Source:**

- (1) Data provided for Cumberland, New Jersey.
- (2) Population information provided by the NJ Dept of Labor and Workforce Development.
- (3) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (4) Per Capita personal income is based upon the US Bureau of Economic Analysis CA04 data table.
- (5) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Principal Employers  
Current Year and Nine Years Ago  
Unaudited

<u>Employer (1)</u>	<u>2013</u>			<u>2004 (2)</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of</u>
Durand Glass Manufacturing Co, Inc.	1,100	1	9.32%			
Dallas Airmotive, Inc.	300	2	2.54%			
Silverton Marine Corporation	300	3	2.54%			
The Prudential Insurance Company of America	300	4	2.54%			
Wal-Mart Stores, Inc	295	5	2.50%			
Bemis Company, Inc.	250	6	2.12%			
Amcor Pharmaceutical Packaging USA, Inc.	200	7	1.69%			
Cumberland County Homemaker-Home Health Aide Service	200	8	1.69%			
Genesis Eldercare National Centers, Inc.	200	9	1.69%			
Cumberland County Guidance Center	190	10	1.61%			
	<u>3,335</u>		<u>28.26%</u>	<u>-</u>		<u>-</u>

(1) Source: D&B Regional Business Directory (2012)

(2) Data was not available from sources contacted.

## Operating Information

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Full-time Equivalent District Employees by Function/Program  
 Last Two Fiscal Years  
 Unaudited

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<u>Function/Program</u>	<u>2013</u>	<u>2012 (1)</u>
Instruction	11	8
Administration	2.5	1.4
Support Services	<u>4.2</u>	<u>2.5</u>
Total	<u><u>18</u></u>	<u><u>12</u></u>

**Source:** Charter School Personnel Records

(1) For 2012, the operating period is January 1, 2011 - June 30, 2012.

**MILLVILLE PUBLIC CHARTER SCHOOL**

Operating Statistics  
Last Two Fiscal Years  
Unaudited

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<u>Fiscal</u> <u>Year (4)</u>	<u>Enrollment</u>	<u>Operating</u> <u>Expenditures (1)</u>	<u>Cost Per</u> <u>Pupil</u>	<u>Teaching</u> <u>Staff (2)</u>	<u>Pupil/Teacher Ratio</u> <u>Elementary (K-5)</u>	<u>Average Daily</u> <u>Enrollment</u> <u>(ADE) (3)</u>	<u>Average Daily</u> <u>Attendance</u> <u>(ADA) (3)</u>	<u>% Change in</u> <u>Average Daily</u> <u>Enrollment</u>	<u>Student</u> <u>Attendance</u> <u>Percentage</u>
2013	142	\$ 1,551,379.39	\$ 10,925.21	11	12 : 1	134.0	126.9	31.48%	94.70%
2012	108	951,646.72	8,811.54	8	12 : 1	98.0	92.6	N/A	94.49%

**Sources:** Charter School Records

**Note:** Enrollment based on annual October enrollment count.

- (1) Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- (2) Teaching staff includes only full-time equivalents of certificated staff.
- (3) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- (4) For 2012, the operating period is January 1, 2011 - June 30, 2012.

**MILLVILLE PUBLIC CHARTER SCHOOL**  
School Building Information  
Last Two Fiscal Years  
Unaudited

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Schedule of Required Maintenance  
Last Two Fiscal Years  
Unaudited

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Not applicable. The Charter School does not own any school facilities.

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Insurance Schedule  
June 30, 2013  
*Unaudited*

Policy Level Information	<u>Coverage</u>	<u>Deductible</u>
Commercial Property Coverage		\$ 500
Coverages		
Equipment Breakdown Limit	\$ 100,000	
Expediting Expenses	100,000	
Hazardous Substances	100,000	
Spoilage	100,000	
Computer Equipment	100,000	
Data Restoration	100,000	
Service Interruption	100,000	
General Liability		
Coverages		
Bodily Injury and Property Damage Liability	1,000,000	
Damage to Premises Rented to You	1,000,000	
Personal and Advertising Inquiry Liability	1,000,000	
Medical Payments	5,000	
Employee Benefits		
Coverages		
Each Employee	1,000,000	1,000
Aggregate	1,000,000	
Commercial Crime Coverage		
Coverages		
Employee Theft	200,000	500
Forgery or Alteration	200,000	500
Computer Fraud	200,000	500
Robbery / Safe Burglary - Money & Securities	10,000	500
Robbery or Safe Burglary of Other Property	10,000	500
Outside the Premises	10,000	500
Workers Compensation		
Coverages		
Each Occurrence	1,000,000	
Personal & Advertising Injury Liability	1,000,000	
General Aggregate	3,000,000	
Products / Completed Work Aggregate	3,000,000	
Umbrella		
Liability Limit Each Occurance	1,000,000	

Source: District Records

## Charter School Performance Framework – Financial Indicators

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Charter School Performance Framework  
Financial Indicators - Fiscal Ratios  
Unaudited

	2011	2012	2013	Source
	Audit ***	Audit	Audit	
Cash	-	\$ 108,556.01	\$ 20,854.11	Audit: Exhibit A-1
Current Assets	-	156,364.98	151,234.18	Audit: Exhibit A-1
Total Assets	-	156,364.98	151,234.18	Audit: Exhibit A-1
Current Liabilities	-	104,327.27	54,716.19	Audit: Exhibit A-1
Total Liabilities	-	106,350.95	69,110.30	Audit: Exhibit A-1
Net Position	-			Audit: Exhibit A-1
Total Revenue	-	1,037,911.03	1,637,482.85	Audit: Exhibit A-2
Total Expenses	-	987,897.00	1,604,744.29	Audit: Exhibit A-2
Change in Net Position	-	50,014.03	2,712.56	Audit: Exhibit A-2
Depreciation Expense	-	698.15	15,340.21	Financial Statements/Audit Workpapers
Interest Expense	-	-	-	Financial Statements/Audit Workpapers
Principal Payments	-	-	-	Financial Statements/Audit Workpapers
Interest Payments	-	-	-	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	-	98	134	DOE Enrollment Reports
March 30th Budgeted Enrollment	-	108	135	Charter School Budget

**RATIOS ANALYSIS...**

Near Term Indicators	2011	2012	2013	3 YR CUM	Source:
1a. Current Ratio	-	1.50	2.76	1.42	Current Assets/Current Liabilities
1b. Unrestricted Days Cash	-	40.11	4.74	14.95	Cash/(Total Expenses/365)
1c. Enrollment Variance	-	90.74%	99.26%	0.63	Average Daily Enrollment/Budgeted Enrollment
1d.* Default	-	N/A	N/A	N/A	Audit
<b>Sustainability Indicators</b>					
2a. Total Margin	-	4.82%	0.17%	1.66%	Change in Net Position/Total Revenue
2b. Debt to Asset	-	0.68	0.46	0.38	Total Liabilities/Total Assets
2c. ** Cash Flow	-	108,556.01	(87,701.90)	6,951.37	Net change in cash flow from prior years (Change in Net Position+Depreciation+Interest Expense)/(Principal & Interest Payments)
2d. Debt Service Coverage Ratio	-	N/A	N/A	N/A	

\* Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No

\*\* 2013 =2013 Cash - 2012 Cash; 2012 =2012 Cash-2011 Cash; 2011 =2011 Cash-2010 Cash

\*\*\* The Charter School's first year of operations was for the Fiscal Year ended 2012.

SINGLE AUDIT SECTION

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**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Schedule of Expenditures of Federal Awards, Schedule A  
 For the Fiscal Year Ended June 30, 2013

<u>Federal Grantor/ Pass-through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>	
				<u>From</u>	<u>To</u>
Special Revenue Fund:					
U.S. Department of Education					
Passed-through State Department of Education:					
Title I, Part A Cluster:					
Title I (P.L. 103-382)	84.010	NCLB12806069	\$ 28,772.00	9/1/2011	8/31/2012
Title I (P.L. 103-382)	84.010	NCLB13806069	63,301.00	9/1/2012	8/31/2013
Total Title I, Part A Cluster					
Title IIA	84.367	NCLB12806069	1,454.00	9/1/2011	8/31/2012
Title IIA	84.367	NCLB13806069	930.00	9/1/2012	8/31/2013
Total Title IIA					
I.D.E.A., Part B Cluster:					
I.D.E.A. Part B Basic	84.027	IDEA12806069	16,993.00	9/1/2011	8/31/2012
I.D.E.A. Part B Basic	84.027	IDEA13806069	19,117.00	9/1/2012	8/31/2013
Total I.D.E.A., Part B Cluster					
Race to the Top	84.413A	N/A	2,291.00	7/1/2012	11/30/2015
Charter Schools Grant Program - Implementation	84.282A	N/A	175,000.00	12/1/2012	11/30/2013
Total U.S. Department of Education					
Total Special Revenue Fund					
Enterprise Fund:					
U.S. Department of Agriculture					
Passed-through State Department of Education:					
National School Lunch Program -- (Federal Share)					
	10.555	Unavailable	21,590.65	7/1/2011	6/30/2012
National School Lunch Program -- (Federal Share)					
	10.555	Unavailable	39,032.31	7/1/2012	6/30/2013
Total U.S. Department of Agriculture					
Total Enterprise Fund					
Total Federal Financial Assistance					

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

These funds were not audited in accordance with U.S. OMB Circular A-133 since the total of all grant award expenditures were less than \$500,000.

Balance June 30, 2012	Carryover / (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments (A)	Balance June 30, 2013		Due to Grantor at June 30, 2013
					(Accounts Receivable)	Unearned Revenue	
\$ (25,324.00)		\$ 25,325.00		\$ (1.00)	\$ (8,088.00)		
		55,213.00	\$ (63,301.00)				
(25,324.00)	-	80,538.00	(63,301.00)	(1.00)	(8,088.00)	-	-
(1,231.00)		1,231.00					
		930.00	(930.00)		-		
(1,231.00)	-	2,161.00	(930.00)	-	-	-	-
(7,952.25)		12,055.00	(4,102.75)				
		10,478.00	(19,117.00)		(8,639.00)		
(7,952.25)	-	22,533.00	(23,219.75)	-	(8,639.00)	-	-
		2,000.00	(2,291.00)		(291.00)		
		138,950.00	(155,140.00)		(16,190.00)		
(34,507.25)	-	246,182.00	(244,881.75)	(1.00)	(33,208.00)	-	-
(34,507.25)	-	246,182.00	(244,881.75)	(1.00)	(33,208.00)	-	-
(2,098.25)		2,098.25					
		31,166.40	(39,023.31)		(7,856.91)		
(2,098.25)	-	33,264.65	(39,023.31)	-	(7,856.91)	-	-
(2,098.25)	-	33,264.65	(39,023.31)	-	(7,856.91)	-	-
\$ (36,605.50)	-	\$ 279,446.65	\$ (283,905.06)	\$ (1.00)	\$ (41,064.91)	-	-

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Schedule of Expenditures of State Financial Assistance, Schedule B  
 For the Fiscal Year Ended June 30, 2013

<u>State Grantor/ Program Title</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>		<u>Balance June 30, 2012</u>	<u>Carryover / (Walkover) Amount</u>
			<u>From</u>	<u>To</u>		
General Fund:						
Special Education Aid	13-495-034-5120-011	\$ 3,712.00	7/1/12	6/30/13		
Security Aid	12-495-034-5120-005	24,965.00	7/1/11	6/30/12	\$ (434.00)	
Security Aid	13-495-034-5120-005	39,777.00	7/1/12	6/30/13		
T.P.A.F. Social Security Aid	12-495-034-5095-002	24,610.85	7/1/11	6/30/12	(972.85)	
T.P.A.F. Social Security Aid	13-495-034-5095-002	36,882.92	7/1/12	6/30/13		
Total General Fund					(1,406.85)	-
Enterprise Fund:						
National School Lunch Program -- (State Share)	12-100-010-3350-023	518.03	7/1/11	6/30/12	(47.93)	
National School Lunch Program -- (State Share)	13-100-010-3350-023	853.99	7/1/12	6/30/13		
Total Enterprise Fund					(47.93)	-
Total State Financial Assistance					\$ (1,454.78)	-

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

These funds were not audited in accordance with U.S. OMB Circular A-133 and NJ OMB 04-04 since the total of all grant award expenditures were less than \$500,000.

Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2013			Memo	
			(Accounts Receivable)	Unearned Revenue	Due to Grantor at	Budgetary Receivable June 30, 2013	Cumulative Total Expenditures
\$ 3,712.00	\$ (3,712.00)						\$ 3,712.00
434.00							24,965.00
39,777.00	(39,777.00)						39,777.00
972.85							24,610.85
35,077.11	(36,882.92)		\$ (1,805.81)			\$ (1,805.81)	36,882.92
79,972.96	(80,371.92)	-	(1,805.81)	-	-	(1,805.81)	129,947.77
47.93							518.03
687.82	(853.99)		(166.17)			(166.17)	853.99
735.75	(853.99)	-	(166.17)	-	-	(166.17)	1,372.02
\$ 80,708.71	\$ (81,225.91)	-	\$ (1,971.98)	-	-	\$ (1,971.98)	\$ 131,319.79

**MILLVILLE PUBLIC CHARTER SCHOOL**

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2013

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**Note 1: GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Millville Public Charter School (hereafter referred to as the "Charter School"). The Charter School is defined in note 1 to the Charter School's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

**Note 2: BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting, with the exception of programs recorded in the food service fund and before and after care program 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 this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

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

Awards and financial assistance expenditures are reported in the Charter School's basic financial statements on a GAAP basis as presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General		\$ 80,371.92 *	\$ 80,371.92
Special Revenue	\$ 232,273.95		232,273.95
Food Service	39,317.61	853.99	40,171.60
Total Awards and Financial Assistance	<u>\$ 271,591.56</u>	<u>\$ 81,225.91</u>	<u>\$ 352,817.47</u>

\* - Includes Categorical Aid passed through sending school districts.

**Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**Note 5: ADJUSTMENTS**

Amounts reported in the column entitled "adjustments" represent differences in rounding from reimbursement requests.

**Note 6: OTHER**

TPAF social security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2013.



MILLVILLE PUBLIC CHARTER SCHOOL  
Schedule of Findings and Recommendations  
For the Fiscal Year Ended June 30, 2013

**Section 1- Summary of Auditor's Results (Cont'd)**

**State Financial Assistance** Not Applicable.

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ no

Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for major programs \_\_\_\_\_

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 or New Jersey Circular 04-04-OMB? \_\_\_\_\_ yes \_\_\_\_\_ no

Identification of major programs:

**GMIS Number(s)**

**Name of State Program**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dollar threshold used to determine Type A programs \$ \_\_\_\_\_

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes \_\_\_\_\_ no

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Schedule of Findings and Recommendations  
For the Fiscal Year Ended June 30, 2013

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***Section 2- Schedule of Financial Statement Findings***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

**Finding No. 2013-1**

**Criteria or Specific Requirement**

Per N.J.A.C. 6A:23-2.2 states that each charter school board of trustees shall ensure that the accounting system provides the basis for appropriate budgetary control. Also, each charter school board of trustees shall develop a detailed budget statement, which includes the classification of expenditures by program and function.

**Condition**

Our audit of disbursements disclosed that several purchases were charged to an improper budget appropriation.

**Context**

Of the 40 samples selected for audit, 6 purchases were improperly charged.

**Effect**

Improper classification of budgetary charges could lead to a misleading presentation of charter school expenditures or the overexpenditure of budget line items.

**Cause**

Errors were made in the coding and recording of expenditures.

**Recommendation**

That Charter School expenditures be properly coded and recorded.

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

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Schedule of Findings and Recommendations  
For the Fiscal Year Ended June 30, 2013

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***Section 3- Schedule of Federal Award Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by OMB Circular A-133.

Not Applicable.

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Schedule of Findings and Recommendations  
For the Fiscal Year Ended June 30, 2013

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

Not Applicable.

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Summary Schedule of Prior Year Audit Findings  
and Recommendations as Prepared by Management

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This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

**FINANCIAL STATEMENT FINDINGS**

**Finding No. 2012-1**

**Condition**

Our audit of disbursements revealed the following conditions:

- 1) There were several vouchers in which all required signatures for proper approval were missing.
- 2) There were several vouchers in which supporting documentation was not available for audit.

**Current Status**

This condition has been resolved.

**Finding No. 2012-2**

**Condition**

Through our audit of adequate insurance coverage for the Charter School, it was noted that surety bond coverage had not been established pursuant to N.J.S.A. 18A:17-32 and N.J.S.A. 18A:17-26.

**Current Status**

This condition has been resolved.

**FEDERAL AWARDS**

Not Applicable.

**STATE FINANCIAL ASSISTANCE PROGRAMS**

Not Applicable.

