

ACHIEVE COMMUNITY CHARTER SCHOOL

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

JUNE 30, 2018

**PREPARED BY
Achieve Community Charter School**

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

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achieveccs.org
Christopher Perpich, *Principal*



January 28, 2019

Dr. Lamont Repollet
Commissioner
New Jersey Department of Education
100 Riverview Executive Plaza
CN-500
Trenton, New Jersey 08625-0500

Dear Dr. Repollet:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Achieve Community Charter School (Charter School) for the fiscal year ended June 30, 2018. This CAFR includes the Charter School's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34.

The Charter School has elected to adopt this new financial reporting model which we believe will provide all users of this document with much more useful financial and statistical information than ever before. 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 Charter School. This report will provide the taxpayers of the Charter School with comprehensive financial data in a format enabling them to gain an understanding of the Charter School's financial affairs.

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

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;
- The Single Audit Section — The Charter School is required to undergo an annual single audit in conformity with the provisions of the New Jersey State Office of Management and Budget (OMB) Circular Letter 15-08-OMB, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*".

Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

Charter School Organization

The Board of Trustees is comprised of five voting members and are elected to oversee that the Charter School operates in compliance with statute and administrative code. Voting members of the Board serve as the official governing body of the Charter School charged with policy making, fiscal oversight, and accountability for student academic achievement results of the Charter School. Voting members adopt the annual budget and directly approve all expenditures which serve as the basis for control for the authorization of all expenditures of Charter School tax money which in turn support the Charter School's business to promote academic achievement. Non-voting members include the Charter School's Principal and Vice-Principal, School Business Administrator/Board Secretary, and faculty representative.

The Principal of the Charter School is responsible to the board for the implementation and administration of all educational and support operations. The School Business Administrator/Board Secretary is the chief financial officer of the Charter School and is responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the Charter School, acting as custodian of all Charter School funds, and investing idle funds as permitted by New Jersey Law.

1. **REPORTING ENTITY AND ITS SERVICES:** The Achieve Community Charter School is an independent reporting entity within the criteria adopted by the Government Auditing Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the Charter School are included in this report. The Charter School's Board of Trustees, constitutes the Charter School's reporting entity.

The Charter School provides a full range of educational services appropriate to grade levels K through 4. These include both regular and special education programs. As of June 30, 2018, the Charter School's final head count was 61 students.

2. **MAJOR INITIATIVES:** The following are the major initiatives successfully implemented at the Charter School for 2017-2018 school year:

- a. ***Comprehensive Curriculum.*** Achieve Community Charter School implements a comprehensive, college preparatory curriculum for students in grades pre-k to 8. In order to ensure college readiness, Achieve cohorts students into three bands: K-2, 3-5 and 6-8. At the end of each band, students complete a BRICK Thesis that integrates key knowledge and skills acquired during the previous 3 years. Each year builds to this culminating thesis. Each subject area, including enrichment classes like visual art and physical education, build into these culminating activities.

In the 2017-2018 school year Achieve Community Charter School served K and 1st grade students. No students were at the end of a cohort band so there were no thesis opportunities but students worked throughout the year to master the key knowledge and skill to use towards their impending thesis.

2. MAJOR INITIATIVES - CONTINUED

- b. ***Student Investment and Choice.*** Each Achieve scholar is unique and teachers embrace their uniqueness, especially as they plan instruction. At Achieve, teachers and students are aware of individual strengths and growth areas and teachers plan small group instruction to ensure student mastery. Each quarter, students set specific goals and action steps and constantly revisit those goals and receive feedback on them.

In the 2017-2018 school year Achieve students, teachers, and families used the quarterly “BRICK Plan” individualized data report to reflect on their performance in four key areas: ELA (STEP and NWEA MAP). Math (NWEA MAP), student attendance, and student character as measured by the BRICK DREAM values. Teachers conferenced with students and families during each quarter and goals were set for the following quarter.

- c. ***Continuous Data Cycle.*** At Achieve, teachers are constantly engaged in a data cycle that takes them through planning instruction, instructing, assessing impact of instruction and then reteaching. Through the use of this cycle, Achieve teachers have a pulse on student learning and constantly adjust their teaching to ensure student mastery.

In the 2017-2018 school year teachers gave students baseline assessments to diagnose their strengths and growth areas in reading and math. Throughout the year teachers gave formative assessments that included exit tickets, priority demonstrations of learning, and unit assessments that measured student learning and provided the necessary information for teachers to create re-teach plans and adjust their practice.

- d. ***Blended Learning.*** Blended learning allows for two teachers at all times. Achieve Community Charter School uses the rotational blended learning model. Students rotate between small group instruction with a teacher, online learning and independent work within the classroom overseen by certified teachers, apprentice teachers, and instructional aides.

In the 2017-2018 school year students were on blended learning programs in math and reading each day as part of the rotational model. Students had twenty-minutes on the blended learning technology each day. This amounted to over 3,000 minutes, or 50 hours, of additional individualized instruction.

- e. ***Teacher Development.*** At Achieve, each teacher works directly with an instructional coach, who is typically a school leader. Teachers have individualized professional development plans focusing on instructional practices directly impacting student outcomes and meet weekly with their coach to receive feedback on their practice. Teachers meet weekly in department team meetings where they engage in the data cycle, collaborate on best practices and engage in professional development.

In the 2017-2018 school year teachers met with the Head of School each week for coaching. Additionally, teachers met with their department teams weekly.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated at June 30, 2018.

5. **ACCOUNTING SYSTEM AND REPORTS:** The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by Governmental Accounting Standards Board (GASB). The accounting system of the Charter School is organized on the basis of funds each of which maintains a self-balancing set of accounts. These funds are explained in the "Notes top the Basic Financial Statements."
6. **DEBT ADMINISTRATION:** At June 30, 2018, the Charter School has no outstanding debt.
7. **CASH MANAGEMENT:** The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Basic Financial Statement" Notes 1 and 3. The Charter School had adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

9. **OTHER INFORMATION:**

Independent Audit

State statute requires an annual audit by independent certified public accountants or registered municipal accountants. The Charter School appointed the accounting firm of Galleros Koh LLP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the New Jersey Letter Circular Letter 15-08-OMB.

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

10. **ACKNOWLEDGMENTS:** I would like to express my appreciation to the Board of Trustees of Achieve Community Charter School for their concern in providing fiscal accountability to the Charter School and thereby contributing their full support to the development and maintenance of our financial operation.

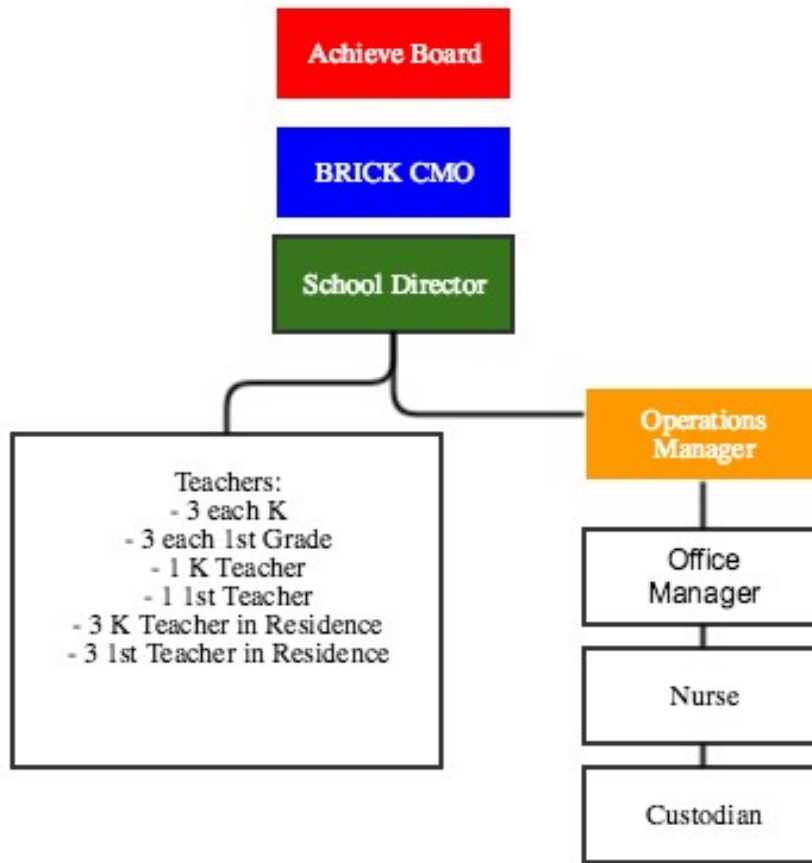
Respectfully submitted,

Dominique Lee

Dominique Lee
Chief Executive Officer

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

ORGANIZATIONAL CHART



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

ROSTER OF OFFICIALS

JUNE 30, 2018

Board of Trustees

MEMBERS OF THE BOARD OF TRUSTEES	TERM
Nancy Gottesman, Board Chair	July 2017- June 2018
Barbara Dixon, Treasurer	July 2017-June 2018
Ronald Augustin, Trustee	July 2017- June 2020
Sonia Rodriguez, Trustee	July 2017-June 2020
Sally Booth, Trustee	July 2017- June 2018

OTHER OFFICIALS

Dominique Lee, Founder and Chief Executive Officer

Christopher Perpich, Principal

Femi Amorin, Board Secretary/Business Administrator (until June 30, 2018)

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

CONSULTANTS AND ADVISORS

Independent Auditors

Galleros Koh LLP
115 Davis Station Road
Cream Ridge, NJ 08514

Attorneys

Johnston Law Firm LLC
75 Midland Avenue, Suite 1
Montclair, NJ 07042

Official Depositories

City National Bank
900 Broad Street
Newark, NJ 07102

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

The Honorable President and
Members of the Board of Trustees
Achieve Community Charter School
County of Essex
Newark, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Achieve Community Charter School (the Charter School), in the County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 2018, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

INDEPENDENT AUDITORS' REPORT - CONTINUED

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 Achieve Community Charter School, in the County of Essex, State of New Jersey as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

We draw attention to Notes 2 and 6 in the notes to financial statements which disclose the effects of the School District's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, "Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions". 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 on pages 13 through 18, Budgetary Comparison Information on pages 62 through 65, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying introductory section and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

INDEPENDENT AUDITORS' REPORT - CONTINUED

The accompanying combining and individual fund financial statements are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedules of expenditures of federal awards and state financial assistance (Schedules) are also presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Letter Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are not also a required part of the basic financial statements

The combining and individual fund financial statements and Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 combining and individual fund financial statements, and the Schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2019 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Charter School's internal control over financial reporting and compliance.



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



GALLEROS KOH LLP
Certified Public Accountants

January 28, 2019
Cream Ridge, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION

PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Achieve Community Charter School's (the Charter School) financial performance provides an overall review of the Charter School's financial activities for the fiscal period ended June 30, 2018. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance.

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

Introduction

This section of the Charter School's annual financial report presents our discussion and analysis of the Charter School's financial performance and provides an overview of the Charter School's financial activities for the fiscal year ended June 30, 2018. It should be read in conjunction with the transmittal letter at the front of this report and the Charter School's financial statements, which follow this section.

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

Financial Highlights

Key Financial highlights for the fiscal year 2018 are as follows:

- In total, net position increased by \$38,537.
- General revenues accounted for \$864,607 or 80% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$217,693 or 20% of total revenues of \$1,082,300.
- The Charter School had \$1,043,763 in expenses; only \$217,693 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$864,607 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$892,894 in revenues and \$854,357 in expenditures. The General Fund's fund balance increased by \$38,537 in 2018.

Basic Financial Statements

This annual report consists of a series of basic financial statements, required supplementary information, other supplementary information and notes to those statements and information.

The report is organized so the reader can understand the Achieve Community Charter School as a financial whole, or as an entire operating entity. The first two basic financial statements, the Statement of Net Position and the Statement of Activities, are governmental-wide financial statements and provide overall information about the activities of the entire Charter School, presenting both an aggregate view of the Charter School's finances and a long-term view of those finances.

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(COUNTY OF ESSEX, NEW JERSEY)**

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Fund Financial Statements

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

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

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

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

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

Statement of Net Position and Statements of Activities

While this report contains the funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and asks the question, "how did we do financially during fiscal year 2018?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all the Charter School's assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. These bases of accounting take into account all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the Charter School's net position and changes in the net position. This change in net position is important because it identifies whether the financial position of the Charter School has improved or diminished for the Charter School as a whole. This change is the result of many factors some financial, some not. Financial factors represent increases in federal and state funding that resulted from the increase in enrollment noted for the fiscal year ended June 30, 2018. These factors are presented in our discussions on the Charter School as a whole. Non-financial factors include the property tax base of the School District where the Charter School is located, current educational funding laws in New Jersey, facilities conditions, required educational programs, and other factors. In the Statements of Net Position and the Statements of Activities, the Charter School is divided into two distinct kinds of activities:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

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

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

Reporting the School Charter School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

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

Enterprise Fund

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

The Charter School as a Whole

The perspective of the Statement of Net Position is of the Charter School as a whole. The table below provides a summary of the Charter School's net position at June 30, 2018.

The total net position of the Charter School has increased by \$38,537 during the current fiscal year. The increase is due to increase in state revenues and cost savings.

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(COUNTY OF ESSEX, NEW JERSEY)**

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

The table that follows reflects the change in net position for fiscal year 2018.

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets	\$ 54,243	\$ 10	\$ 54,253
Total Assets	<u>54,243</u>	<u>10</u>	<u>54,253</u>
Liabilities			
Current Liabilities	15,706	10	15,716
Noncurrent liabilities	-	-	-
Total Liabilities	<u>15,706</u>	<u>10</u>	<u>15,716</u>
Net Position			
Unrestricted	38,537	-	38,537
Total Net Position	<u>\$ 38,537</u>	<u>\$ -</u>	<u>\$ 38,537</u>

In 2018, total revenues amounted to \$1.08 million and total expenses amounted to \$1.04 million. Fiscal year 2018, is the Charter School's first year of Charter School operations. The revenue and expense in fiscal year 2017 was related to the Charter School grant as initial fund for charter school set-up.

	Governmental Activities		Business Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charge for Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and Contributions	217,693	89,762	-	-	217,693	89,762
Total Program Revenues	<u>217,693</u>	<u>89,762</u>	<u>-</u>	<u>-</u>	<u>217,693</u>	<u>89,762</u>
General Revenues:						
Local Aid	131,141	-	-	-	131,141	-
Federal and State Aid	728,034	-	-	-	728,034	-
Other	5,432	-	-	-	5,432	-
Total General Revenues	<u>864,607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>864,607</u>	<u>-</u>
Total Revenues	<u>1,082,300</u>	<u>89,762</u>	<u>-</u>	<u>-</u>	<u>1,082,300</u>	<u>89,762</u>
Expenses:						
Instruction	724,567	-	-	-	724,567	-
Support Services:						
School Administrative Services	167,020	89,762	-	-	167,020	89,762
General and Business Administration Services	145,896	-	-	-	145,896	-
Capital Outlay	6,280	-	-	-	6,280	-
Enterprise Activities	-	-	-	-	-	-
Total Expenses	<u>1,043,763</u>	<u>89,762</u>	<u>-</u>	<u>-</u>	<u>1,043,763</u>	<u>89,762</u>
Changes in Net Position	<u>\$ 38,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,537</u>	<u>\$ -</u>

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

MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

Governmental Activities

The Statement of Activities reflects the cost of program services and the charges for services and operating grants and contributions offsetting those services. The table below, for government activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by unrestricted state entitlements for the fiscal year ended June 30, 2018.

	<u>Total Cost of Services</u>	<u>Grants/ Contributions</u>	<u>Net Cost of Services</u>
Instruction	\$ 724,567	\$ 153,269	\$ (571,298)
Administrative	145,896	4,802	(141,094)
Support services	167,020	59,622	(107,398)
Unallocated:			
Capital outlay	6,280	-	(6,280)
Total Expenses	<u>\$ 1,043,763</u>	<u>\$ 217,693</u>	<u>\$ (826,070)</u>

Business-Type Activity

The Charter School did not have a business-type activity for the fiscal year 2018. During the fiscal year 2018, Marion P. Thomas Charter School provided the food service program for the Charter School.

The Charter School’s Funds

The Charter School’s governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues of \$1.08 million and expenditures of \$1.04 million.

General Fund Budgeting Highlights

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

During the course of fiscal year 2018, the Charter School amended its General Fund budget as needed. The Charter School uses state-aid and other revenue-based budget. The budgeting systems are designed to tightly control total budget, but provide flexibility for Charter School management teams.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

For the General Fund, final budgeted revenues were \$910,280 which included a local tax levy of \$123,356. Expenditures were budgeted at \$1,049,343. The Charter School anticipated a decrease in fund balance of \$139,062. During the fiscal year ended June 30, 2018, actual revenues were \$892,894 and expenditures were \$854,357.

Reimbursement from the State of New Jersey during the year ended June 30, 2018 for the employer's share of social security contributions amounted to \$28,287 and there was no TPAF on-behalf TPAF payments for post-retirement medical benefits from the State.

Capital Assets

At the end of fiscal year 2018, the Charter School had no investment in capital assets.

Economic Factors and Next Year's Budget

The State of New Jersey continues to face serious budgetary constraints. These impacts the amount of state aid allocated to charter schools. This reality was taken into account when adopting the general fund budget for 2017-2018. Nothing was done to compromise the quality of the programs in place in our Charter School during the regular instructional day. The budget was prepared to ensure that all students have the textbooks, materials supplies, equipment and programs they need to meet New Jersey's Core Curriculum Content Standards.

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to reflect the Charter School's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to: Achieve Community Charter School, Business Office, 534 Clinton Ave, Newark, NJ 07108

BASIC FINANCIAL STATEMENTS

CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

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

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

STATEMENT OF NET POSITION

JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 22,004	\$ 10	\$ 22,014
Accounts receivable	15,982	-	15,982
Interfund receivables	<u>16,257</u>	<u>-</u>	<u>16,257</u>
Total current assets	<u>54,243</u>	<u>10</u>	<u>54,253</u>
 Total assets	 <u>54,243</u>	 <u>10</u>	 <u>54,253</u>
 Deferred Outflow of Resources	 <u>-</u>	 <u>-</u>	 <u>-</u>
Liabilities			
Current Liabilities:			
Intergovernmental payable:			
State	15,716	-	15,716
Interfund payables (internal)	<u>(10)</u>	<u>10</u>	<u>-</u>
Total current liabilities	<u>15,706</u>	<u>10</u>	<u>15,716</u>
Noncurrent Liabilities:			
Due within one year	-	-	-
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
 Total liabilities	 <u>15,706</u>	 <u>10</u>	 <u>15,716</u>
 Deferred Inflow of Resources	 <u>-</u>	 <u>-</u>	 <u>-</u>
Net position			
Invested in capital assets, net of related debt	-	-	-
Unrestricted	<u>38,537</u>	<u>-</u>	<u>38,537</u>
 Total net position	 <u>\$ 38,537</u>	 <u>\$ -</u>	 <u>\$ 38,537</u>

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

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Totals
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction	\$ 724,567	\$ -	\$ 153,269	\$ (571,298)	\$ -	\$ (571,298)
Administrative cost	167,020	-	4,802	(162,218)	-	(162,218)
Support services	145,896	-	59,622	(86,274)	-	(86,274)
Capital outlay	6,280	-	-	(6,280)	-	(6,280)
Depreciation	-	-	-	-	-	-
Total governmental activities	1,043,763	-	217,693	(826,070)	-	(826,070)
Business-type activities:						
Food Service	-	-	-	-	-	-
Afterschool program	-	-	-	-	-	-
Total primary government	\$ 1,043,763	\$ -	\$ 217,693	\$ (826,070)	\$ -	\$ (826,070)
General revenues, transfers and special items:						
Local sources				\$ 131,141	-	\$ 131,141
State sources				728,034	-	728,034
Contributions				-	-	-
Miscellaneous				5,432	-	5,432
Total general revenues, transfers and special items				864,607	-	864,607
Changes in net position				38,537	-	38,537
Net position - beginning				-	-	-
Net position - ending (A-1)				\$ 38,537	\$ -	\$ 38,537

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

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

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 22,004	\$ -	\$ 22,004
Accounts receivable:			
Local	7,785	-	7,785
State	8,197	-	8,197
Federal	-	-	-
Interfund receivables	16,267	-	16,267
Other receivables	-	-	-
Other current assets	-	-	-
Total assets	<u>\$ 54,253</u>	<u>\$ -</u>	<u>\$ 54,253</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Intergovernmental payables:			
State	15,716	-	15,716
Federal	-	-	-
Interfund payables	-	-	-
Deferred revenue	-	-	-
Total liabilities	<u>15,716</u>	<u>-</u>	<u>15,716</u>
Fund balances:			
Assigned	-	-	-
Unassigned	<u>38,537</u>	<u>-</u>	<u>38,537</u>
Total fund balances	<u>38,537</u>	<u>-</u>	<u>38,537</u>
Total liabilities and fund balances	<u>\$ 54,253</u>	<u>\$ -</u>	
Amounts reported for governmental activities 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.			
			\$ -
	Cost of capital assets		-
	Accumulated depreciation		-
Governmental funds do not report the effect of assets or liabilities related to net pension assets (liabilities) whereas these amounts are deferred and amortized in the statement of activities.			
	Deferred amounts on net pension liability		-
Long-term liabilities, including capital leases and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.			
	Net pension liability		-
	Compensated absences payable		-
	Capital lease obligation payable		-
			-
Net position of governmental activities - A-1			<u>\$ 38,537</u>

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

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Total
Revenues			
Local Sources:			
Local tax levy	\$ 131,141	\$ 84,020	\$ 215,161
Miscellaneous	5,432	-	5,432
Total revenues -local sources	136,573	84,020	220,593
State sources	728,034	-	728,034
Federal sources	-	105,386	105,386
Reimbursed TPAF - Social Security (non-budgeted)	28,287	-	28,287
On-Behalf Teachers' Pension and Annuity Fund	-	-	-
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	-	-	-
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance	-	-	-
Total revenues	<u>892,894</u>	<u>189,406</u>	<u>1,082,300</u>
Expenditures			
Current expense:			
Instruction	540,151	131,149	671,300
Administrative cost	188,999	-	188,999
Support services	90,640	58,257	148,897
Capital outlay	6,280	-	6,280
Reimbursed and on-behalf payments:			
Reimbursed TPAF - Social Security (non-budgeted)	28,287	-	28,287
On-Behalf Teachers' Pension and Annuity Fund	-	-	-
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	-	-	-
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance	-	-	-
Total expenditures	<u>854,357</u>	<u>189,406</u>	<u>1,043,763</u>
Excess revenues over expenditures	38,537	-	38,537
Fund balances at beginning of the year	-	-	-
Fund balances at end of year	<u>\$ 38,537</u>	<u>\$ -</u>	<u>\$ 38,537</u>

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

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

YEAR ENDED JUNE 30, 2018

Total net change in fund balances - governmental funds (B-2) \$ 38,537

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

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

Capital outlay	-
Depreciation expense	-

Repayment of capital lease obligations are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and are not reported in the Statement of Activities.

-

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Pension costs	-
---------------	---

Change in net position of governmental activities (A-2) \$ 38,537

PROPRIETARY FUNDS

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

PROPRIETARY FUND

STATEMENT OF NET POSITION

JUNE 30, 2018

Assets

Current assets:

Cash and cash equivalents	\$ <u>10</u>
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Liabilities

Current liabilities

Interfund payable - General fund	\$ <u>10</u>
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Net position

Unrestricted	<u>-</u>
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Total Liabilities and Net Position	\$ <u>10</u>
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**ACHIEVE COMMUNITY CHARTER SCHOOL
(COUNTY OF ESSEX, NEW JERSEY)**

PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

YEAR ENDED JUNE 30, 2018

Operating revenues:		
Charges for services:		
Daily sales - nonreimbursable programs	\$	-
Afterschool fees		-
Miscellaneous revenue		-
Total Operating revenues		<u>-</u>
Operating expenses:		
Cost of sales		-
Salaries		-
Rental		-
Supplies and materials		-
Depreciation		-
Miscellaneous		-
Total operating expenses		<u>-</u>
Operating income (loss)		<u>-</u>
Nonoperating revenues:		
State sources:		
State School Lunch Program		-
Federal sources:		
National School Lunch		-
National School Breakfast		-
Fresh Fruits and Vegetables		-
Total nonoperating revenues		<u>-</u>
Change in net position		-
Total net position at beginning of year		<u>-</u>
Total net position at end of year	\$	<u><u>-</u></u>

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

PROPRIETARY FUND

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2018

Cash flows from operating activities

Operating income	\$	-
Adjustment to reconcile operating loss to net cash from operating activities		
Depreciation		-
Changes in assets and liabilities:		
Accounts receivable		-
Interfund receivable		-
Accounts payable		-
Interfund payable		10
Net cash from operating activities		<u>10</u>

Cash flows from noncapital financing activities

Cash received from state and federal reimbursements		<u>-</u>
Net cash from noncapital financing activities		<u>-</u>
Net increase in cash and cash equivalents		10
Cash and cash equivalents at beginning of the year		<u>-</u>
Cash and cash equivalents at end of year	\$	<u><u>10</u></u>

FIDUCIARY FUNDS

**ACHIEVE COMMUNITY CHARTER SCHOOL
(COUNTY OF ESSEX, NEW JERSEY)****FIDUCIARY FUNDS****STATEMENT OF FIDUCIARY NET POSITION****JUNE 30, 2018****Assets**

Cash and cash equivalents	\$	25,829
Interfund receivables		<u>6,200</u>
Total assets	\$	<u><u>32,029</u></u>

Liabilities

Payroll withholdings payable	\$	9,572
Interfund payables		<u>22,457</u>
Total liabilities	\$	<u><u>32,029</u></u>

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

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2018

Revenues:		
General fund appropriation	\$	3,646
Employees' contributions		<u>2,706</u>
Total revenues		<u>6,352</u>
Expenditures:		
Payments to NJ Unemployment Compensation Fund		<u>6,352</u>
Total expenditures		<u>6,352</u>
Excess of revenues over expenditures		-
Net position at beginning of the year		<u>-</u>
Net position at end of year	\$	<u><u>-</u></u>

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Charter School is an instrumentality of the State of New Jersey, established to function as an educational institution. The school is governed by an independent Board of Trustees, which consists of parents, founders and other community representatives in accordance with its charter, which was appointed by the State Department of Education. An administrator is appointed by the board and is responsible for the administrative control of the Charter School.

B. Component Units

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

C. Basis of Presentation

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

The Charter School also applies Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise fund unless they conflict with or contradict GASB pronouncements. The most significant of the Charter School's accounting policies are described below:

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Continued

In June 1999, the Governmental Accounting Standards Boards unanimously approved Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the financial statements include the following:

The financial statements include:

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

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

D. Basic Financial Statements

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

Government-wide Financial Statements

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

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Basic Financial Statements - Continued

Fund Financial Statements

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

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

E. Governmental Funds

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

- 1) As required by the New Jersey Department of Education, the Charter School included budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.
- 2) Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of ground, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Governmental Funds - Continued

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2018, there was no Capital Projects Fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on, bonds issued to finance major property acquisitions, construction, and improvement programs. As of June 30, 2018, there was no debt service fund.

F. Proprietary Funds

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

Enterprise Funds:

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

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

Internal Service (Self-Insurance) Fund:

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

G. Fiduciary Funds

Fiduciary or trust and 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. This fund category includes:

Expendable Trust Funds - Expendable Trust Funds are accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent.

Nonexpendable Trust Funds - Nonexpendable Trust Funds are used to account for assets held under the terms of a formal trust agreement, whereby the Charter School is under obligations to maintain the trust principal.

Agency Funds - Agency funds are used to account for the assets that the Charter School holds on behalf of others as their agent. Agency funds are custodial in nature and do not involved measurement of results of operations. Agency funds include payroll and student activities funds.

H. Measurement Focus and Basis of Accounting

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

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

H. Measurement Focus and Basis of Accounting - Continued

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

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

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

I. Budgets/Budgetary Control

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

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

I. Budgets/Budgetary Control - Continued

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

J. Deposits, Investments and Risk Disclosure

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

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

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Deposits, Investments and Risk Disclosure - Continued

Deposits

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

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

Investments

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

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

As of June 30, 2018, the Charter School did not hold any investments.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Deposits, Investments and Risk Disclosure - Continued

Risk Category

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

As of June 30, 2018, the Board had funds invested and on deposit in checking accounts. These funds constitute “deposits with financial institutions” as defined by GASB Statement No. 3 and modified by GASB Statement No. 40, and as such, are deposits that are insured or collateralized with securities held by the Board or by its agent in the Board’s name, both at year-end and throughout the year.

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

K. Prepaid Expenses

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

The Charter School does not have prepaid expenses as of June 30, 2018.

L. Interfund Assets/Liabilities

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

M. Fixed Assets

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

M. Fixed Assets - Continued

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

Donated capital assets are capitalized at estimated fair market value on the date donated. Depreciation of capital assets is computed and recorded by the straight-line method. The Charter School does not have capital assets as of June 30, 2018.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

O. Compensated Absences

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

Charter School employees are granted sick and vacation leave in varying amounts under the Charter School's personnel policies and according to negotiated contracts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave. Vacation days not used during the year may only be carried forward with approval from the Head of School.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

O. Compensated Absences - Continued

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, the Charter School has no liabilities for compensated absences.

P. Net Pension Liability (Asset)

The net pension liability (asset) represents the Charter School's proportionate share of the net pension liability (asset) of the New Jersey State Pension Employees' Retirement System and the New Jersey State Teachers' Pension and Annuity Fund System. The financial reporting of these amounts is presented in accordance with the provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date".

Q. Deferred Revenue

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

R. Accrued Liabilities and Long-Term Obligations

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

S. Fund Balance and Equity

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

S. Fund Balance and Equity - Continued

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

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

T. Net Position

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

U. Contributed Capital

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

V. Interfund Transactions

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

W. Use of Estimates

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

X. Accounting for Uncertainty in Income Taxes

The Charter School recognizes the effect of income tax positions only of those positions are more likely than not of being sustained. Management has determined that the Charter School had no uncertain tax positions that would require financial statement recognition. This is the Charter School’s first year of operations.

Y. On-Behalf Payments

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

Z. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is January 28, 2019.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 2 APPLICATION OF NEW ACCOUNTING STANDARDS

For the year ended June 30, 2018, the Charter School implemented GASB 75, "Accounting and Financial Reporting for Post-employment Benefits Other than Pensions (OPEB)". This statement addresses accounting and financial reporting for the OPEB that is provided to the employees of the state and local governments by establishing standards for recognizing and measuring liabilities, deferred outflows/inflows of resources and expenses/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to the periods of employee service.

Since it is the first year of operation of the Charter School, the adoption of the standards did not have an effect on the Charter School's statement of activities for the year ended June 30, 2018.

Note disclosures required by GASB 75 is reflected in Note 6 post-retirement benefits and the required supplementary information in Schedule M.

NOTE 3 CASH AND CASH EQUIVALENTS

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

As of June 30, 2018, the Charter School's deposits are summarized as follows:

	General Fund	Enterprise Fund	Trust and Agency Funds	Total
Operating Account	\$ 22,004	\$ 10	25,829	\$ 47,843
Restricted cash	-	-	-	-
Total	<u>\$ 22,004</u>	<u>\$ 10</u>	<u>\$ 25,829</u>	<u>\$ 47,843</u>

Operating cash accounts are held in the Charter School's name by several banking institutions. At June 30, 2018, the Charter School's carrying amount of deposits was \$47,883 and the bank balance was \$193,307. Of the bank balance, up to a maximum of \$250,000 of the Charter School's cash deposits on June 30, 2018 were secured by federal deposit insurance (FDIC) and nothing was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Governmental Unit Deposit Protection Act ("GUDPA") because the bank balance is below the \$250,000 FDIC limit.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 3 CASH AND CASH EQUIVALENTS - CONTINUED

Restricted Cash

The Charter School has established and funded an Escrow Account pursuant to an agreement signed with the New Jersey Department of Education. The required minimum is \$75,000, of which, the Charter School did not fund as of June 30, 2018. The agreement stipulates that the intended use of the escrow amount is “to pay for legal and audit expenses and any other outstanding pension benefits that would be associated with a dissolution should it occur.”

NOTE 4 NET POSITION

As of June 30, 2018, net position consisted of the following components:

<u>INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT</u>	<u>Governmental</u>	<u>Business Type</u>	<u>Total</u>
Capital assets, net	\$ -	\$ -	\$ -
Less: Long-Term obligations	-	-	-
(All long-term debt relates to capital assets)	-	-	-
<u>UNRESTRICTED</u>			
Net position (deficit) not restricted above	<u>38,537</u>	-	<u>38,537</u>
NET POSITION (DEFICIT)	<u>\$ 38,537</u>	<u>\$ -</u>	<u>\$ 38,537</u>

NOTE 5 PENSION PLANS

A. Description of Plans

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 5 PENSION PLANS - CONTINUED

A. Description of Plans - Continued

i. Public Employees' Retirement System (PERS)

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

ii. Teachers Pension and Annuity Fund (TPAF)

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

B. Vesting and Benefit Provisions

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 5 PENSION PLANS - CONTINUED

B. Vesting and Benefit Provisions - Continued

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

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

C. Significant Legislation

Two pieces of legislation passed during fiscal year 2001 having significant impact on the benefit provisions under PERS and TPAF. Chapter 133, P.L.2001, increases retirement benefits for service, deferred and early retirements by changing the formula from 1/60 to 1/55 of final compensation for each year of service. The legislation also increases the retirement benefit for veteran member with 35 years or more of service and reduces age qualification from 60 to 55. The legislation further provides that existing retirees and beneficiaries would also receive a comparable percentage increase in their retirement allowance. The benefit enhancements are effective with the November 1, 2001 benefit checks. Chapter 120, P.L. 2001, established an additional retirement option for plan members. Under the new option, a retiree's actuarially reduced allowance (to provide a benefit to the retiree's beneficiary upon the death of the retiree) would "pop-up" to the maximum retirement allowance if the beneficiary predeceases the retiree.

Chapter 4, P.L. 2001 provides increased benefit to certain members of PERS who retired prior to December 29, 1989 with at least 25 years of creditable service.

The maximum amount of the increase is 5 percent the retiree's final compensation. For those with 30 or more years of service, the total pension would increase from 65 to 71 percent of final compensation.

Due to the enactment of 1997 legislation, Chapter 114, P.L. 1997 and Chapter 115, P.L. 1997, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated. In addition, excess valuation assets were available to fund, in full or in part, the State of New Jersey's normal contribution from 1997 to 2001, excluding the contribution for post-retirement medical benefits in the PERS and TPAF.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 5 PENSION PLANS - CONTINUED

D. Contribution Requirement

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

The actuarially determined contribution includes funding for cost-of-living adjustment, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Charter School is a non-contributing employer of the TPAF.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$28,287 during the year ended June 30, 2018 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

The Charter School did not have PERS contribution nor TPAF on-behalf payments since fiscal year ended June 30, 2018 is the Charter School's first year of operations.

E. GASB 68 Disclosures

i. Public Employees' Retirement System (PERS)

As of June 30, 2018, the Charter School did not have a proportionate share in the State's net pension liability for PERS.

ii. Teachers Pension and Annuity Fund (TPAF)

As of June 30, 2018, the Charter School did not have a proportionate share in the State's net pension liability for PERS.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 6 POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and 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 post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. 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 benefits 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 employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service (GASB Cod. Sec. 2300.106(g)).

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Employees covered by benefit terms. At June 30, 2018, the Charter School has no employees covered by the benefit terms:

TPAF Participant Retirees

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf.

PERS Participant Retirees

The State paid \$238.9 million toward Chapter 126 benefits for 209,913 eligible retired members in Fiscal Year 2017.

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The Charter School has no employees covered by OPEB and therefore the adoption of GASB 75 did not have an effect on the Charter School's financial statements.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 6 POST-RETIREMENT BENEFITS - CONTINUED

The following OPEB liability note information is reported at the State's level and is not specific to the Charter School. Note that actual numbers will be published in the NJ State's CAFR (<https://www.nj.gov/treasury/omb/publications/archives.shtml>)

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used three following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary increases:			
Through 2026	1.55% - 4.55% based on years of service	2.15% - 4.15% based on age	2.10% - 8.98% based on age
Thereafter	2.00% - 5.45% based on years of service	3.15% - 5.15% based on age	3.10% - 9.98% based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from central year using the MP-2017 scale. Postretirement mortality rate were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 6 POST-RETIREMENT BENEFITS - CONTINUED

(a) Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to 5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

(b) Discount rate

The discount rate for June 30, 2017 and 2016 measurement dates were 3.58% and 2.85%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the Total OPEB liability of the State for Charter School retirees. The Charter School did not have a proportionate share in the State's total OPEB liability.

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

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Total Nonemployer OPEB Liability - State	\$ -	\$ -	\$ -

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 6 POST-RETIREMENT BENEFITS - CONTINUED

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

	<u>1% Decrease</u>	<u>Current Health Cost Trend Rate</u>	<u>1% Increase</u>
Total Nonemployer OPEB Liability	\$ -	\$ -	\$ -

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

For the year ended June 30, 2018, the Charter School recognize OPEB revenue and expense of \$0 as determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75 and in which there is a special funding situation.

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

At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to retired Charter School employees' OPEB was zero.

NOTE 7 DEFERRED COMPENSATION

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 8 RISK MANAGEMENT

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

A. Property and Liability Insurance

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

B. New Jersey Unemployment Compensation

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

NOTE 9 INTERFUND RECEIVABLES AND PAYABLES

Amount reported in the governmental funds as interfund receivable and payable from/to other governmental funds are eliminated in the governmental activities' column. The remaining internal receivable and payable between the governmental funds and enterprise fund have been eliminated in the total Charter School-wide Statement of Net Position.

At June 30, 2018, the interfund balances consisted of the following:

	<u>RECEIVABLE (PAYABLE)</u>			
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Enterprise Fund</u>	<u>Fiduciary Fund</u>
General fund	\$ 16,268	\$ -	\$ (10)	\$ (16,257)
GASB No 34 mandated eliminations within governmental activities	-	-	-	-
Net interfund balances reported as follows:				
Entity-wide (eliminated in total column)	<u>\$ 16,268</u>	<u>\$ -</u>	<u>\$ (10)</u>	
External (Due from Trust and Agency Funds)				<u>\$ (16,257)</u>

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 10 CONTINGENCIES

State and Federal Aid Receipts

State and Federal awards are generally subject to review by the responsible governmental agencies for compliance with the agencies regulations governing the aid. In the opinion of the Charter School's management and legal counsel, any potential adjustments to the Federal or State aid recorded by the Charter School through June 30, 2018, resulting from a review by a responsible government agency will not have a material effect on the Charter School financial statements at June 30, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

BUDGETARY COMPARISON SCHEDULES

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

EXHIBIT C-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local Sources:					
Local tax levy	\$ 123,356	-	\$ 123,356	\$ 131,141	\$ 7,785
Miscellaneous	844	-	844	5,432	4,588
Total revenues - local sources	124,200	-	124,200	136,573	12,373
State sources	786,080	-	786,080	728,034	(58,046)
Reimbursed TPAF - Social Security (non-budgeted)	-	-	-	28,287	28,287
On-Behalf Teachers' Pension and Annuity Fund	-	-	-	-	-
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	-	-	-	-	-
On-Behalf Teachers' Pension and Annuity Fund - -- Non-contributory Insurance	-	-	-	-	-
Total revenues	910,280	-	910,280	892,894	(17,386)
Expenditures					
Current expense:					
Instruction					
Salaries	202,000	12,000	214,000	199,980	14,020
Other salaries for instruction	224,000	21,200	245,200	190,730	54,470
Professional/technical service	49,918	28,000	77,918	76,797	1,121
Other purchased services	4,000	(700)	3,300	3,300	-
General supplies	39,543	(2,283)	37,260	36,420	840
Textbooks	33,000	(124)	32,876	32,418	458
Miscellaneous	2,500	(1,054)	1,446	506	940
Total current expense	554,961	57,039	612,000	540,151	71,849
Administrative cost:					
Salaries	92,000	22,000	114,000	92,046	21,954
Total benefit costs	125,484	10,388	135,872	33,543	102,329
Professional/technical service	32,797	3,321	36,118	36,118	-
Other purchased services	25,359	(1,806)	23,553	23,553	-
Communications and telephones	1,800	1,040	2,840	2,288	552
Supplies and materials	4,600	(2,774)	1,826	1,062	764
Miscellaneous	-	850	850	389	461
Total administrative cost	282,040	33,019	315,059	188,999	126,060
Support services:					
Purchased professional/technical service	18,000	39,792	57,792	57,512	280
Rent on land and buildings	25,000	-	25,000	25,000	-
Insurance-fidelity, liability, property	20,000	3,500	23,500	6,702	16,798
Supplies and materials	4,000	(1,788)	2,212	1,426	786
Total support services	67,000	41,504	108,504	90,640	17,864

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

EXHIBIT C-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Capital outlay:					
Non-instructional equipment	12,000	1,780	13,780	6,280	7,500
Total capital outlay	<u>12,000</u>	<u>1,780</u>	<u>13,780</u>	<u>6,280</u>	<u>7,500</u>
Reimbursed TPAF - Social Security (non-budgeted)	-	-	-	28,287	(28,287)
On-Behalf Teachers' Pension and Annuity Fund	-	-	-	-	-
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	-	-	-	-	-
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures before other financing uses	<u>916,001</u>	<u>133,342</u>	<u>1,049,343</u>	<u>854,357</u>	<u>194,986</u>
Excess revenues over expenditures	(5,721)	(133,342)	(139,063)	38,537	177,600
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at ending of the year	<u>\$ (5,721)</u>	<u>(133,342)</u>	<u>\$ (139,063)</u>	<u>\$ 38,537</u>	<u>\$ 177,600</u>

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

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual
Revenues					
Local	\$ 84,020	\$ -	\$ 84,020	\$ 84,020	\$ -
Federal	65,752	39,634	105,386	105,386	-
Total revenues - all sources	<u>149,772</u>	<u>39,634</u>	<u>189,406</u>	<u>189,406</u>	<u>-</u>
Expenditures					
Current Expenditures:					
Instruction:					
Salaries of teachers	33,291	(21)	33,270	33,270	-
Purchased professional and technical services	88,859	-	88,859	88,859	-
Other purchased services	9,020	-	9,020	9,020	-
Total instruction	<u>131,170</u>	<u>(21)</u>	<u>131,149</u>	<u>131,149</u>	<u>-</u>
Support services					
Salaries of supervisors of instruction	-	26,160	26,160	26,160	-
Other salaries for support services	-	-	-	-	-
Employee benefits	6,288	-	6,288	6,288	-
Purchased professional educational services	12,314	(10,644)	1,670	1,670	-
Other purchase services	-	24,139	24,139	24,139	-
Total support services	<u>18,602</u>	<u>39,655</u>	<u>58,257</u>	<u>58,257</u>	<u>-</u>
Total Expenditures	<u>149,772</u>	<u>39,634</u>	<u>189,406</u>	<u>189,406</u>	<u>-</u>
Excess Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION**

PART II

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

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

YEAR ENDED JUNE 30, 2018

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule:	[C-1]	\$ 892,894	[C-2]	189,406
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		-
Last State aid payment recognized for budgetary purposes only.		-		-
General Fund contribution to Early Childhood Program Aid.		-		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	<u>892,894</u>	[B-2]	<u>189,406</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	854,357	[C-2]	189,406
Differences - budget to GAAP				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		-		-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.				
Net transfer (outflows) to general fund		-		-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 854,357</u>	[B-2]	<u>\$ 189,406</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

PART III

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

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

EXHIBIT L-1

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHARTER SCHOOL'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY - PERS
Last Ten Fiscal Years (1)**

	<u>2018</u>
Charter School's proportion of the net pension liability (asset)	0.0000000000%
Charter School's proportionate share of the net pension liability (asset)	\$ -
Charter School's covered-employee payroll	\$ -
Charter School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	#DIV/0!
Plan fiduciary net position as a percentage of the total pension liability	0.00%

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

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

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

EXHIBIT L-2

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHARTER SCHOOL'S CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
Last Ten Fiscal Years (1)**

	<u>2018</u>
Contractually required contribution	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
Charter School's covered-employee payroll	\$ -
Contributions as a percentage of covered-employee payroll	#DIV/0!

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

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

EXHIBIT L-3

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHARTER SCHOOL'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY - TPAF
Last Ten Fiscal Years (1)**

	<u>2018</u>
State's proportion of the net pension liability (asset) attributable to the Charter School	#####
State's proportionate share of the net pension liability (asset) attributable to the Charter School	\$ -
Charter School's covered-employee payroll	\$ -
State's proportionate share of the net pension liability (asset) attributable to the Charter School as a percentage of its covered-employee payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	0.00%

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

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

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

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

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

LAST TEN FISCAL YEARS (1)

	<u>2018</u>
Total State OPEB Liability Attributable to Charter School	
Service cost	\$ -
Interest	-
Changes in assumptions and other inputs	-
Benefit payments	-
Contributions from the member	-
Net Change in Total State OPEB Liability Attributable to	-
Total State OPEB Liability Attributable to Charter School:	
At beginning of year	<u>\$ -</u>
At end of year	<u><u>\$ -</u></u>
Charter School's proportionate share of the Total OPEB Liability	0%
Charter School Covered-employee payroll	\$ -
Total State OPEB liability as a percentage of Charter School covered-employee payroll	N/A

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

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

(2) Covered payroll was based on the Charter School's payroll for the year ended June 30, 2018.

**NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION**

PART III

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART III
YEAR ENDED JUNE 30, 2018**

Public Employees Retirement System (PERS)

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

Change in assumptions. The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. The discount rate used to measure the total pension liability changed from 3.98% to 5.00%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

The single blended discount rate of 5.00% in the current measurement date was based on the long-term expected rate of return on pension plan investments of 7.00% (7.65% in prior measurement date) and a municipal bond rate of 3.58% (2.85% in prior measurement date) based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher

At June 30, 2018, the Charter School's share in the net pension liability is zero.

Teachers Pension and Annuity Fund (TPAF)

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

Change in assumptions. The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. The discount rate used to measure the total pension liability changed from 3.22% to 4.25% in the current measurement date. This change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 68.

The single blended discount rate of 4.25% in the current measurement date was based on the long-term expected rate of return on pension plan investments of 7.00% (7.65% in prior measurement date) and a municipal bond rate of 3.58% (2.85% in prior measurement date) based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

At June 30, 2018, the Charter School's share in the net pension liability is zero.

Other Post-Employment Benefits (OPEB)

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

Change in assumptions. The calculation of the discount rate used to measure the total nonemployer OPEB liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. The discount rate used to measure the total pension liability changed from 2.85% to 3.58% in the current measurement date. This change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 75. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

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

**SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS**

YEAR ENDED JUNE 30, 2018

	<u>Title I</u>	<u>NJ Charter Grant</u>	<u>Local Grants</u>	<u>Total</u>
Revenues				
Local	\$ -	\$ -	\$ 84,020	\$ 84,020
Federal	47,129	58,257	-	105,386
Total revenues - all sources	<u>\$ 47,129</u>	<u>\$ 58,257</u>	<u>\$ 84,020</u>	<u>\$ 189,406</u>
Expenditures				
Current Expenditures:				
Instruction:				
Salaries of teachers	\$ 33,270	\$ -	\$ -	\$ 33,270
Purchased professional and technical services	13,859	-	75,000	88,859
Other purchased services	-	-	9,020	9,020
Total instruction	<u>47,129</u>	<u>-</u>	<u>84,020</u>	<u>131,149</u>
Administrative expenditures				
Salaries of supervisors of instruction	-	26,160	-	26,160
Employee benefits	-	6,288	-	6,288
Purchased services	-	1,670	-	1,670
Other purchase services	-	24,139	-	24,139
Total administrative services	<u>-</u>	<u>58,257</u>	<u>-</u>	<u>58,257</u>
Total Expenditures	<u>\$ 47,129</u>	<u>\$ 58,257</u>	<u>\$ 84,020</u>	<u>\$ 189,406</u>

CAPITAL PROJECTS FUND

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

At June 30, 2018, there was no capital project fund.

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the Charter School is that the costs of providing goods and services be financed through user charges. The Charter School has the Food Service and After Care in its Enterprise Fund to account for the operation of food services and after care.

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

ENTERPRISE FUND

COMBINING SCHEDULE OF NET POSITION

JUNE 30, 2018

	<u>FOOD SERVICE</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ <u>10</u>
Liabilities	
Current liabilities	
Interfund payable - General fund	\$ <u>10</u>
Net assets	
Unrestricted	<u>-</u>
Total Liabilities and Net Position	\$ <u>10</u>

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

ENTERPRISE FUND

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

YEAR ENDED JUNE 30, 2018

	FOOD SERVICE
	<hr/>
Operating revenues:	
Charges for services:	
Daily sales - nonreimbursable programs	\$ -
Afterschool fees	-
Miscellaneous revenue	-
	<hr/>
Total Operating revenues	-
	<hr/>
Operating expenses:	
Salaries	-
Rental	-
Supplies and materials	-
Depreciation	-
Miscellaneous	-
	<hr/>
Total operating expenses	-
	<hr/>
Operating income	-
	<hr/>
Nonoperating revenues:	
State sources:	
State School Lunch	-
Federal sources:	
National School Lunch	-
Healthy, Hunger-Free Kids Act of 2010	-
National School Breakfast	-
National After School Snack Program	-
Fresh Fruits and Vegetables	-
	<hr/>
Total nonoperating revenues	-
	<hr/>
Income before transfers	-
Transfers in - General fund	-
	<hr/>
Changes in net position	-
Total net position at beginning of year	-
	<hr/>
Total net position at end of year	<u><u>\$ -</u></u>

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

ENTERPRISE FUND

COMBINING SCHEDULE OF CASH FLOWS

YEAR ENDED JUNE 30, 2018

	<u>FOOD SERVICE</u>
Cash flows from operating activities	
Operating income	\$ -
Adjustment to reconcile operating income to net cash from operating activities	
Depreciation	-
Changes in assets and liabilities:	
Accounts receivable	-
Interfund receivable	-
Accounts payable	-
Interfund payable	10
Net cash from operating activities	<u>10</u>
Cash flows from noncapital financing activities	
Cash received from state and federal reimbursements	<u>-</u>
Net cash from noncapital financing activities	<u>-</u>
Net increase (decrease) in cash and cash equivalents	10
Cash and cash equivalents at beginning of the year	<u>-</u>
Cash and cash equivalents at end of year	<u>\$ 10</u>

FIDUCIARY FUNDS

Trust funds are used to account for gifts and bequests to the Charter School for specific purposes.

Unemployment Compensation Insurance Trust Fund is an expendable trust fund used to account for unemployment transactions of the Charter School.

At June 30, 2018, there was no non-expandable trust fund utilized by the Charter School.

Agency funds are used to account for assets held by the Charter School as an agent for individuals, private organizations, governmental and/or other funds.

Payroll Fund - This agency fund is used to account for the payroll transactions of the Charter School.

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

FIDUCIARY FUNDS

COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2018

	New Jersey Unemployment Benefits	Agency		Total	
		Student Activities	Net Payroll		Payroll Agency
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 3,372	\$ 22,457	\$ 25,829
Interfund receivable	-	-	6,200	-	6,200
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,572</u>	<u>\$ 22,457</u>	<u>\$ 32,029</u>
Liabilities and Fund Balances					
Liabilities:					
Payroll and withholdings payable	\$ -	\$ -	\$ 9,572	\$ -	\$ 9,572
Interfund payable	-	-	-	22,457	22,457
Total liabilities	<u>-</u>	<u>-</u>	<u>9,572</u>	<u>22,457</u>	<u>32,029</u>
Net Position					
Restricted					
Unemployment compensation	-	-	-	-	-
Total liabilities and net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,572</u>	<u>\$ 22,457</u>	<u>\$ 32,029</u>

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

FIDUCIARY FUNDS

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
(TRUST FUND)

YEAR ENDED JUNE 30, 2018

	New Jersey Unemployment Benefits
	<u> </u>
Revenues:	
General fund appropriation	\$ 3,646
Employees' contributions	<u>2,706</u>
Total revenues	<u>6,352</u>
Expenditures:	
Payments to NJ Unemployment Compensation Fund	<u>6,352</u>
Total expenditures	<u>6,352</u>
Excess (deficiency) of revenue over expenditures	-
Net position at beginning of the year	<u>-</u>
Net position at end of year	<u>\$ -</u>

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

STUDENT ACTIVITY AGENCY FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

YEAR ENDED JUNE 30, 2018

	Balance June 30, 2017	Cash Receipts	Cash Disbursements	Balance June 30, 2018
Assets				
Cash	\$ -	\$ -	\$ -	\$ -
Interfund Receivable	-	-	-	-
	-	-	-	-
Liabilities				
Accounts Payable	\$ -	\$ -	\$ -	\$ -

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

PAYROLL AGENCY FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

YEAR ENDED JUNE 30, 2018

	<u>Balance June 30, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2018</u>
Assets				
Cash and cash equivalents	\$ -	\$ 253,349	\$ 230,892	\$ 22,457
Total Assets	<u>\$ -</u>	<u>\$ 253,349</u>	<u>\$ 230,892</u>	<u>\$ 22,457</u>
Liabilities				
Interfund payable	-	253,349	230,892	22,457
Total Liabilities	<u>\$ -</u>	<u>\$ 253,349</u>	<u>\$ 230,892</u>	<u>\$ 22,457</u>

LONG-TERM DEBT

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

STATISTICAL SECTION (UNAUDITED)

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

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

INTRODUCTION TO THE STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	67
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	N/A
Debt Capacity These schedules present information to help the reader assess the affordability of the district' s current levels of outstanding debt and the district's ability to issue additional debt in the future.	N/A
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	72
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	74
Note (1):	Fiscal year ended June 30, 2018 is the first operating year of the Charter School; schedules presenting charter-wide information include information beginning in that year.

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

**NET POSITION BY COMPONENT
Last Ten Fiscal Years (1)**

(Accrual basis of accounting)

	Fiscal Year Ending June 30, 2018
	<hr/>
Governmental activities	
Invested in capital assets, net of related debt	\$ -
Restricted	-
Unrestricted	38,537
Total governmental activities net position	<u>\$ 38,537</u>
Business-type activities	
Invested in capital assets, net of related debt	\$ -
Restricted	-
Unrestricted	-
Total business-type activities net position	<u>\$ -</u>
School-wide	
Invested in capital assets, net of related debt	\$ -
Restricted	-
Unrestricted	38,537
Total charter school net position	<u>\$ 38,537</u>

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

CHANGES IN NET POSITION

Last Ten Fiscal Years (1)

(Accrual basis of accounting)

	Fiscal Year Ending June 30, 2018
	<u> </u>
Expenses	
Governmental activities	
Instruction	\$ 724,567
Administrative	167,020
Support Services	145,896
Unallocated	
Capital Outlay	<u>6,280</u>
Total governmental activities expenses	<u>1,043,763</u>
Business-type activities:	
Food service	-
After school program	<u>-</u>
Total business-type activities expense	<u>-</u>
Total district expenses	<u>1,043,763</u>
Program Revenues	
Governmental activities:	
Charges for services:	
Operating grants and contributions	<u>217,693</u>
Total governmental activities program revenues	<u>217,693</u>
Business-type activities:	
Charges for services	
Food service	-
After school program	-
Operating grants and contributions	-
Capital grants and contributions	<u>-</u>
Total business-type activities program revenues	<u>-</u>
Total district program revenues	<u>217,693</u>
Net (Expense)/Revenue	
Governmental activities	(826,070)
Business-type activities	<u>-</u>
Total district-wide net expense	<u>(826,070)</u>

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

CHANGES IN NET POSITION

Last Ten Fiscal Years (1)

(Accrual basis of accounting)

	Fiscal Year Ending June 30, 2018
	<u> </u>
General Revenues and Other Changes in Net Assets	
Governmental activities:	
Property taxes levied for general purposes, net	131,141
Grants and contributions	728,034
Miscellaneous income	5,432
Transfers	<u> -</u>
Total governmental activities	<u>864,607</u>
Business-type activities:	
Miscellaneous Income	-
Transfers	<u> -</u>
Total business-type activities	<u> -</u>
Total district-wide	<u>864,607</u>
Changes in Net Position	
Governmental activities	38,537
Business-type activities	<u> -</u>
Total district	<u><u>\$ 38,537</u></u>

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

FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years (1)
(Modified accrual basis of accounting)

	Fiscal Year Ending June 30, 2018
General Fund	
Assigned	\$ -
Unassigned	<u>38,537</u>
Total general fund	<u>\$ 38,537</u>

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

**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years (1)
(Unaudited)**

<u>Function</u>	<u>2018</u>
Revenues	
Local Sources:	
Local tax levy	\$ 215,161
Miscellaneous	5,432
State sources	756,321
Federal sources	<u>105,386</u>
Total Revenues	<u>1,082,300</u>
Current expense	
Instruction	671,300
Administrative cost	188,999
Support services	148,897
Capital outlay	6,280
TPAF - FICA Reimbursement	<u>28,287</u>
Total Expenditures	<u>1,043,763</u>
Net change in fund balances	<u>\$ 38,537</u>
Debt service as a percentage of noncapital expenditures	0.00%

Source: Charter school's records.

Note: Noncapital expenditures are total expenditures less capital outlay.

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

**DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years (1)**

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2018	**	**	**	**
2017	285,154	**	**	7.50%

** Data not available

Source:

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

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

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

**NEWARK EDUCATORS COMMUNITY CHARTER SCHOOL
(COUNTY OF ESSEX, NEW JERSEY)**

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

Employer	2018		2013	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
St. Barnabas Health Care System	23,000	**	-	
Verizon	17,100	**	18,000	**
Prudential Ins. Co. of America	16,850	**	8,119	**
Rutgers University - Newark Campus	15,500	**	-	
Continental Airlines	11,000	**	14,000	**
Newark Board of Education	7,050	**	-	
Automatic Data Processing	5,649	**	4,666	**
New Jersey Transit	4,000	**	-	
City of Newark	4,000	**	-	
Essex County	3,500	**	-	
PSE&G	-		10,300	**
JP Morgan Chase	-		5,300	**
Horizon Blue Cross/Blue Shield	-		4,808	**
Roche	-		3,715	**
KPMG	-		2,265	**
Ricoh American Corp	-		1,400	**
	<u>107,649</u>		<u>72,573</u>	<u>72,573</u>

Note - Principal employers are that of Essex County

** - Information not available

Source: Essex County Economic Development Corporation

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

**FULL-TIME EQUIVALENT CHARTER SCHOOL EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years (1)
(Unaudited)**

<u>Function/Program</u>	<u>2018</u>
Instruction	4
Administrative	3
Support Services	7
Food Service	-
Total	<u>14</u>

Source: Charter School's personnel records

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

OPERATING STATISTICS

**Last Ten Fiscal Years (1)
(Unaudited)**

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2018	61	1,037,483	17,008	100.00%	5	12: 1	62.8	60.1	N/A	95.77%

Source: Charter School's Records

Note: Enrollment based on annual October Charter School count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

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

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

**SCHOOL BUILDING INFORMATION
Last Ten Fiscal Years (1)**

	<u>2018</u>
<u>Charter School Building</u>	
<u>Elementary School</u>	
Square Feet	4,000
Capacity (students)	75
Enrollment	61
Number of Schools	1

Source: Charter School's Records

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

INSURANCE SCHEDULE

**June 30, 2018
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Commercial General Liability ⁽¹⁾		
Aggregate Limit	\$ 3,000,000	
Products - Completed Operations Aggregate Limit	3,000,000	
Personal and Advertising Injury Limit	1,000,000	
Each Occurrence	1,000,000	
Damage to Premises Rented	100,000	any one premises
Medical expense limit	5,000	any one person
Personal Property	75,000	1,000
Employee Benefits (1)		
Aggregate limit	3,000,000	
Each Claim limit	1,000,000	
Automobile (1)		
Non Owned & Hired Auto Liability	1,000,000	
Professional Liability (1)		
Aggregate limit	3,000,000	
Each Claim limit	1,000,000	
School Coverage (1)		
Accidental Death	25,000	
Accidental Dismemberment	up to \$50,000	
Accidental Paralysis	50,000	
Accident Medical Expense Benefits	25,000	

Source: Charter School's Records

⁽¹⁾ Great American Alliance Insurance Co

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

CHARTER SCHOOL PERFORMANCE FRAMEWORK
FINANCIAL PERFORMANCE
FISCAL RATIOS

Multi-Year Information
(Unaudited)

2018 Audit			Source
Cash	\$	22,014	Audit: Exhibit A-1
Current Assets		54,253	Audit: Exhibit A-1
Total Assets		54,253	Audit: Exhibit A-1
Current Liabilities		15,716	Audit: Exhibit A-1
Total Liabilities		15,716	Audit: Exhibit A-1
Net Assets		38,537	Audit: Exhibit A-1
Total Revenue		1,082,300	Audit: Exhibit A-2
Total Expenses		1,043,763	Audit: Exhibit A-2
Change in Net Assets		38,537	Audit: Exhibit A-2
Depreciation Expense		-	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		63	DOE Enrollment Reports
March 30th Budgeted Enrollment		66	Charter School Budget

Near Term Indicators		2018	3 YR CUM	Source:	Target
1a.	Current Ratio	3.45	N/A	Current Assets/Current Liabilities	> 1.1
1b.	Unrestricted Days Cash	7.70	N/A	Cash/(Total Expenses/365)	30-60
1c.	Enrollment Variance	95%	N/A	Average Daily Enrollment/Budgeted Enrollment	>95%
1d.	Default	No	N/A	Audit	not in default
Sustainability Indicators					
2a.	Total Margin	4%	N/A	Change in Net Assets/Total Revenue	positive
2b.	Debt to Asset	0.29	N/A	Total Liabilities/Total Assets	<.9
2c.	Cash Flow	22,014	N/A	Net change in cash flow from prior years	3 yr cum positive
2d.	Debt Service Coverage Ratio	N/A	N/A	(Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)	>1.10

SINGLE AUDIT SECTION



EXHIBIT K-1

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

The Honorable President and
Members of the Board of Trustees
Achieve Community Charter School
Essex County, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Achieve Community Charter School (the Charter School), in the County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated January 28, 2019.

Internal Control Over Financial Reporting

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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.

Compliance and Other Matters

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

However, we noted certain matters that we have reported to the Board of Trustees of the Achieve Community Charter School in the County of Essex, New Jersey in a separate *Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance*, dated January 28, 2019.

Purpose of this Report

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



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



GALLEROS KOH LLP
Certified Public Accounts

January 28, 2019
Cream Ridge, New Jersey

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR LETTER 15-08

The Honorable President and
Members of the Board of Trustees
Achieve Community Charter School
Essex County, New Jersey

Report on Compliance for Each Major State Program

We have audited the Achieve Community Charter School's (the Charter School) in the County of Essex, State of New Jersey compliance with the types of compliance requirements described in the *New Jersey State Aid Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major state programs for the fiscal year ended June 30, 2018. The Charter School's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR LETTER 15-08 - CONTINUED

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

Opinion on Each Major State Program

In our opinion, the Achieve Community Charter School in the County of Essex, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state program for the fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR LETTER 15-08 - CONTINUED

Purpose of the Report

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



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



GALLEROS KOH LLP
Certified Public Accountants

January 28, 2019
Cream Ridge, New Jersey

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

EXHIBIT K-3
SCHEDULE A

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA No.	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2017	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2018			
					From	To						(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Education:															
Passed-through New Jersey State Department Education															
Special Revenue Fund:															
Public Charter Schools	84.282	U282A120015	NCLB - 6110 -	\$ 58,257	9/1/2016	6/30/2018	\$ (36,233)	\$ -	\$ 94,490	\$ (58,257)	\$ -	\$ -	\$ -	\$ -	
Title I Part A Grants to Local Educational Agencies	84.010	S010A170030	NCLB - 6110 -	\$ 47,129	7/1/2017	6/30/2018	-	-	47,129	(47,129)	-	-	-	-	
Total Expenditures of Federal Awards							<u>\$ (36,233)</u>	<u>\$ -</u>	<u>\$ 141,619</u>	<u>\$ (105,386)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

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

EXHIBIT K-4
SCHEDULE B

SCHEDULE OF STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2018

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2017			Cash Received	Budgetary Expenditures Pass-through Funds	Adjustments Repayment Prior Year's Balances	Balance at June 30, 2018			MEMO	
				Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount				Intergovernmental (Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditure
New Jersey State Department of Education														
General Fund:														
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	\$ 701,716	\$ -	\$ -	\$ -	710,423	\$ (701,716)	\$ -	(5,486)	\$ -	\$ 14,193	\$ 5,486	\$ 701,716
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	26,318	-	-	-	27,728	(26,318)	-	(113)	-	1,523	113	26,318
Reimbursed Social Security Tax	18-495-034-5094-003	7/1/17-6/30/18	28,287	-	-	-	25,689	(28,287)	-	(2,598)	-	-	-	-
On-Behalf Teachers' Pension and Annuity Fund	18-495-034-5094-002	7/1/17-6/30/18	-	-	-	-	-	-	-	-	-	-	-	-
On-Behalf-Teachers' Pension and Annuity Fund – Post Retirement Medical	18-495-034-5094-001	7/1/17-6/30/18	-	-	-	-	-	-	-	-	-	-	-	-
On-Behalf- Teachers' Pension & Annuity Fund – Non-contributory Insurance	18-495-034-5094-004	7/1/17-6/30/18	-	-	-	-	-	-	-	-	-	-	-	-
Total General Fund							<u>763,840</u>	<u>(756,321)</u>		<u>(8,197)</u>		<u>15,716</u>	<u>5,599</u>	<u>728,034</u>
Special Revenue Fund:														
Total Special Revenue Fund							-	-	-	-	-	-	-	-
Enterprise Fund:														
Total Enterprise Fund							-	-	-	-	-	-	-	-
Total Expenditures of State Financial Assistance							<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,197)</u>	<u>\$ -</u>	<u>\$ 15,716</u>	<u>\$ 5,599</u>	<u>\$ 728,034</u>
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf Teachers' Pension and Annuity Fund	18-495-034-5094-002							-						
On-Behalf-Teachers' Pension and Annuity Fund – Post Retirement Medical	18-495-034-5094-001							-						
On-Behalf- Teachers' Pension & Annuity Fund – Non-contributory Insurance	18-495-034-5094-004							-						
Total for State Financial Assistance-Major Program Determination								<u>\$ (756,321)</u>						

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

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

FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1 GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Trustees for Achieve Community Charter School. The Board of Trustees 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 is included on the schedule of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the budgetary basis of accounting with the exception of those recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Charter School's basic financial statements. The information in these schedules is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and New Jersey OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. 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

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

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

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

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS - CONTINUED

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 756,321	\$ 756,321
Special Revenue Fund	105,386	-	105,386
Total	<u>\$ 105,386</u>	<u>\$ 756,321</u>	<u>\$ 861,707</u>

NOTE 4 RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5 ON-BEHALF PAYMENTS

TPAF Social Security Contributions represents reimbursements in the amount of \$28,287 by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2018. The State did not made on-behalf TPAF payments for pension contributions, post-retirement medical benefits and long-term disability insurance contributions for the year ended June 30, 2018.

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

On-behalf State Programs for TPAF pension contributions, post-retirement medical benefits contributions and long-term disability insurance are not subject to a State Single Audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the Charter School's financial statements and the amount subject to State Single Audit and major program determination.

NOTE 7 DE MINIMIS INDIRECT COST

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FISCAL YEAR ENDED JUNE 30, 2018

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statement Section

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified? reported	_____ Yes <input checked="" type="checkbox"/> None
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes <input checked="" type="checkbox"/> No
Noncompliance material to financial statements noted?	_____ Yes <input checked="" type="checkbox"/> No

Federal Awards – Not Applicable

Dollar threshold used to determine Type A and B programs:	<u> N/A </u>
Auditee qualified as low-risk auditee?	_____ Yes _____ No
Type of auditors' report on compliance for major programs:	<u> N/A </u>
Internal control over compliance:	
Material weakness(es) identified?	_____ Yes _____ No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes _____ No
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	_____ Yes _____ No

Identification of Major Programs:

<u> CFDA No. </u>	<u> Name of Federal Program </u>
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Not applicable

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FISCAL YEAR ENDED JUNE 30, 2018

SECTION I - SUMMARY OF AUDITORS' RESULTS - CONTINUED

State Financial Assistance

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

Auditee qualified as low-risk auditee? Yes No

Type of auditors' report on compliance for major programs: Unmodified

Internal control over compliance:

Material weakness(es) identified? Yes No

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

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

Identification of Major Programs:

<u>State or Project No.</u>	<u>Name of State Program</u>
State Aid Public Cluster: 18-495-034-5120-078 18-495-034-5120-084	Equalization Aid Security Aid

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

SECTION III STATE FINANCIAL ASSISTANCE

None noted.

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

**SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS AS
PREPARED BY MANAGEMENT**

FISCAL YEAR ENDED JUNE 30, 2018

There was no prior year finding. Fiscal year ended June 30, 2018 is the first year of the Charter School's operation.