

**REVISED**

**ACHIEVE COMMUNITY CHARTER SCHOOL**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**JUNE 30, 2019**

**PREPARED BY  
Achieve Community Charter School**

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

**TABLE OF CONTENTS**

**PAGE NO.**

**INTRODUCTORY SECTION**

Letter of Transmittal .....	1-4
Organizational Chart .....	5
Roster of Officials.....	6
Consultants and Advisors.....	7

**FINANCIAL SECTION**

Independent Auditor's Report.....	8-10
-----------------------------------	------

**Required Supplementary Information – Part I**

Management's Discussion and Analysis.....	11-16
---	-------

**Basic Financial Statements**

**A. Charter School-Wide Financial Statements:**

A-1 Statement of Net Position .....	17
A-2 Statement of Activities .....	18

**B. Fund Financial Statements:**

Governmental Funds:

B-1 Balance Sheet .....	19
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances.....	20
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	21

Proprietary Funds:

B-4 Statement of Net Position .....	22
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position .....	23
B-6 Statement of Cash Flows.....	24

Fiduciary Funds:

B-7 Statement of Fiduciary Net Position .....	25
B-8 Statement of Changes in Fiduciary Net Position .....	26

<b>Notes to the Basic Financial Statements .....</b>	<b>27-50</b>
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**ACHIEVE COMMUNITY CHARTER SCHOOL  
(COUNTY OF ESSEX, NEW JERSEY)**

**TABLE OF CONTENTS**

	<u>PAGE NO.</u>
<b>Required Supplementary Information – Part II</b>	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule–General Fund.....	51-52
C-2 Budgetary Comparison Schedule-Special Revenue Fund .....	53
<b>Notes to the Required Supplementary Information – Part II</b>	
C-3 Budget-to-GAAP Reconciliation.....	54
<b>Required Supplementary Information – Part III</b>	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the Charter School’s Proportionate Share of the Net Pension Liability - PERS .....	55
L-2 Schedule of Charter School Contributions - PERS .....	56
L-3 Schedule of the Charter School’s Proportionate Share of the Net Pension Liability - TPAF.....	57
M. Schedules Related to Accounting and Reporting for OPEB (GASB 75)	
M-1 Schedule of Changes in the Total Nonemployer OPEB Liability and Related Ratios.....	58
<b>Notes to the Required Supplementary Information – Part III .....</b>	<b>59</b>
<b>Other Supplementary Information</b>	
D. School Based Budget Schedules .....	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis.....	60
F. Capital Projects Fund.....	N/A

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

**TABLE OF CONTENTS**

**PAGE NO.**

G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Position .....	61
G-2 Combining Schedule of Revenues, Expenses and Changes in Fund Net Position .....	62
G-3 Combining Schedule of Cash Flows .....	63
H. Fiduciary Funds	
H-1 Combining Statement of Fiduciary Net Position .....	64
H-2 Combining Statement of Changes in Fiduciary Net Position .....	65
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements .....	66
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements .....	67
I. Long-Term Debt	
I-1 Schedule of Serial Bonds .....	N/A
I-2 Schedule of Obligations under Capital Leases .....	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule .....	N/A

**STATISTICAL SECTION (Unaudited)**

**Introduction to the Statistical Section**

**Financial Trends**

J-1 Net Position by Component .....	68
J-2 Changes in Net Position .....	69-70
J-3 Fund Balances – Governmental Funds .....	71
J-4 Changes in Fund Balances – Governmental Funds .....	72
J-5 General Fund – Other Local Revenue by Source .....	N/A

**Revenue Capacity**

J-6 – J-9 .....	N/A
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**Debt Capacity**

J-10 Ratios of Outstanding Debt by Type .....	N/A
J-11 – J-13 .....	N/A

**Demographic and Economic Information**

J-14 Demographic and Economic Statistics .....	73
J-15 Principal Employers .....	74

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

**TABLE OF CONTENTS**

**PAGE NO.**

**STATISTICAL SECTION (Unaudited)**

**Introduction to the Statistical Section**

**Operating Information**

J-16 Full-time Equivalent Charter School Employees by Function/Program .....	75
J-17 Operating Statistics .....	76
J-18 School Building Information .....	77
J-19 Schedule of Allowable Required Maintenance Expenditures by School Facility... N/A	
J-20 Insurance Schedule.....	78
J-21 Charter School Performance Framework, Financial Performance, Fiscal Ratios.....	79

**SINGLE AUDIT SECTION**

K-1	Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	80-81
K-2	Independent Auditor’s Report on Compliance for Each Major State and Federal Program and on Internal Control Over Compliance in Accordance with New Jersey OMB Circular Letter 15-08 .....	82-84
K-3	Schedule of Expenditures of Federal Awards, Schedule A .....	85
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B .....	86
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance.....	87-88
K-6	Schedule of Findings and Questioned Costs – Summary of Auditor’s Results.....	89-90
K-7	Schedule of Findings and Questioned Costs – Schedule of Financial Statement Findings and Schedule of Federal and State Award Findings and Questioned Costs .....	91-93
K-8	Summary Schedule of Prior Year Audit Findings .....	94



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achieveccs.org  
Christopher Perpich, *Principal*



March 18, 2020

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

Dear Board Members:

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, 2019. 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 Auditor's 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, 2019, the Charter School's final head count was 221 students.

2. **MAJOR INITIATIVES:** The following are the major initiatives successfully implemented at the Charter School for 2018-2019 school year:

The major initiatives are building the curriculum for rigorous literacy and math instruction through the adoption a new curriculums. Teachers and leaders will be trained in summer institute and on bi-weekly professional development.

The Charter School also adopted a new guided reading framework in kindergarten to second grade and close reading in third grade. Teachers and leaders were professionally developed to implement the curriculum.

Social emotional learning and support was developed through the addition of a vice principal of culture as well as an associate dean. These two positions provided direct support to teachers and administrators in meeting the needs of our most struggling students.

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.

## **INTERNAL ACCOUNTING CONTROLS – CONTINUED**

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, 2019.

- 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, 2019, 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 Robinson CPAs, LLP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the New Jersey Letter Circular Letter 15-08-OMB.

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

10. **ACKNOWLEDGMENTS:** 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.

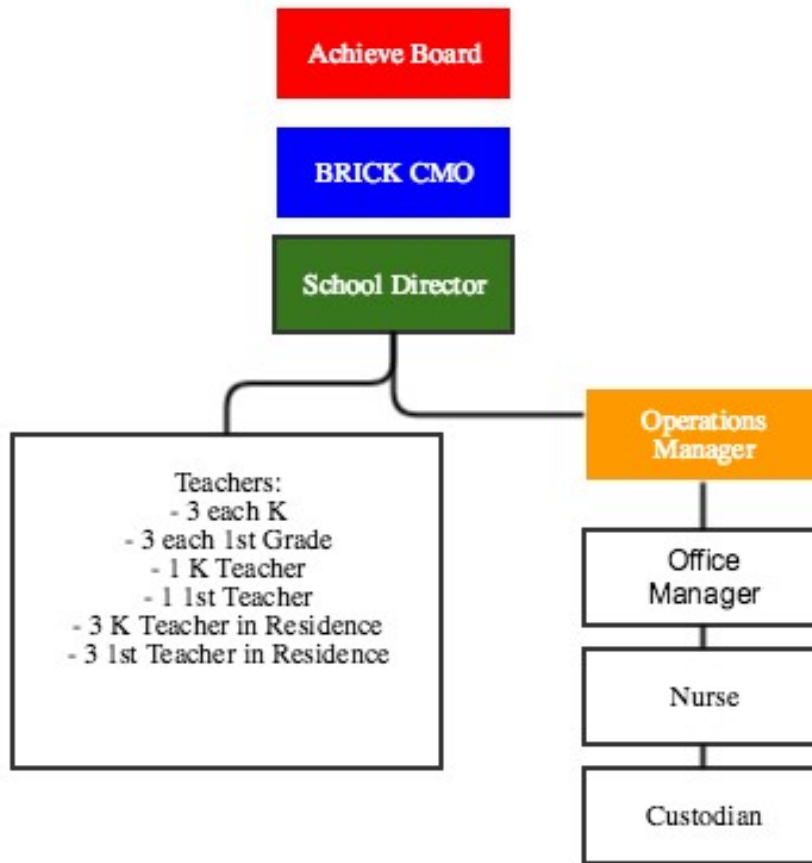
Respectfully submitted,



Carrieann Zielinski  
School Business Administrator

**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, 2019**

**Board of Trustees**

<b>MEMBERS OF THE BOARD OF TRUSTEES</b>	<b>TERM</b>
Nancy Gottesman, Board Chair	February 20, 2019
Sally Booth, Board Chair (from February 21, 2019)	June 30, 2020
Barbara Neal, Treasurer	June 4, 2019
Ronald Augustin, Vice Chair	June 30, 2020
Sonia Rodrigues-Martó, Trustee	June 30, 2020
Charisse Carrion, Trustee	June 30, 2022

**OTHER OFFICIALS**

Dominique Lee, Founder and Chief Executive Officer

Christopher Perpich, Principal

Dr. Brian Falkowski, Board Secretary/Business Administrator (until June 30, 2019)

Carriean Zielinski, Board Secretary/Business Administrator (from July 1, 2019)

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

**CONSULTANTS AND ADVISORS**

**Independent Auditors**

Galleros Robinson CPAs, 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 AUDITOR'S 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, 2019 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 the financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

## **INDEPENDENT AUDITOR'S 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, 2019, 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.

### **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 11 through 16, Budgetary Comparison Information on pages 51 through 53, 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 AUDITOR'S 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 March 18, 2020 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Charter School's internal control over financial reporting and compliance.



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



Galleros Robinson CPAs, LLP  
Certified Public Accountants

March 18, 2020  
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 (AMENDED AND RESTATED)**

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, 2019. 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, 2019. 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 2019 are as follows:

- In total, net position decreased from \$38,537 in 2018 to \$3,400 in 2019.
- General revenues accounted for \$3,114,342 or 77% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$917,886 or 23% of total revenues of \$4,032,228.
- The Charter School had \$4,067,365 in expenses; only \$917,886 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$4,031,914 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$3,214,227 in revenues and \$3,214,972 in expenditures. The General Fund's fund balance decreased by \$745 in 2019.

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

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

**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.

**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 2019?" 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.

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

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

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, 2019. 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:

**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.

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

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

**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, 2019.

The total net position of the Charter School has decreased to \$3,400 during the current fiscal year. The decrease is due to higher costs incurred in 2019.

The table that follows reflects the change in net position for fiscal year 2019.

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Current Assets	\$ 306,648	\$ 39,519	\$ 346,167
Total Assets	<u>306,648</u>	<u>39,519</u>	<u>346,167</u>
<b>Liabilities</b>			
Current Liabilities	268,856	73,911	342,767
Noncurrent liabilities	-	-	-
Total Liabilities	<u>268,856</u>	<u>73,911</u>	<u>342,767</u>
<b>Net Position</b>			
Restricted for Food Service	34,392	-	34,392
Unrestricted	3,400	(34,392)	(30,992)
Total Net Position	<u>\$ 37,792</u>	<u>\$ (34,392)</u>	<u>\$ 3,400</u>

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

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

In 2019, total revenues amounted to \$4.03 million and total expenses amounted to \$4.06 million.

	Governmental Activities		Business Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues:						
Charge for Services	\$ -	\$ -	\$ 123,871	\$ -	\$ 123,871	\$ -
Grants and Contributions	794,015	217,693	-	-	794,015	217,693
Total Program Revenues	794,015	217,693	123,871	-	917,886	217,693
General Revenues:						
Local Aid	432,026	131,141	-	-	432,026	131,141
Federal and State Aid	2,498,526	728,034	-	-	2,498,526	728,034
Contributions	120,000	-	-	-	120,000	-
Other	63,790	5,432	-	-	63,790	5,432
Total General Revenues	3,114,342	864,607	-	-	3,114,342	864,607
Total Revenues	3,908,357	1,082,300	123,871	-	4,032,228	1,082,300
Expenses:						
Instruction	2,370,936	724,567	-	-	2,370,936	724,567
Support Services:						
School Administrative Services	533,889	167,020	-	-	533,889	167,020
General and Business Administration Services	868,343	145,896	-	-	868,343	145,896
Capital Outlay	135,934	6,280	-	-	135,934	6,280
Enterprise Activities	-	-	158,263	-	158,263	-
Total Expenses	3,909,102	1,043,763	158,263	-	4,067,365	1,043,763
Changes in Net Position	\$ (745)	\$ 38,537	\$ (34,392)	\$ -	\$ (35,137)	\$ 38,537

**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, 2019.

**Business-Type Activity**

The business-type activities of the Charter School are related to the food service operation with total revenues of \$123,871 and operating expenses of \$158,263 for fiscal year 2019.

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

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

**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 \$3.9 million and expenditures of \$3.9 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 2019, 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.

For the General Fund, final budgeted revenues were \$2.9 million which included a local tax levy of \$0.4 million. Expenditures were budgeted at \$4.28 million. The Charter School anticipated a decrease in fund balance of \$1.35 million. During the fiscal year ended June 30, 2019, actual revenues were \$3.2 million and expenditures were \$3.2 million.

Reimbursement from the State of New Jersey during the year ended June 30, 2019 for the employer's share of social security contributions amounted to \$99,885 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 2019, 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 2018-2019. 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, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 53,015	\$ 2,473	\$ 55,488
Accounts receivable	161,708	37,046	198,754
Interfund receivables (fiduciary)	31,925	-	31,925
Other receivables	60,000	-	60,000
Total current assets	<u>306,648</u>	<u>39,519</u>	<u>346,167</u>
Total assets	<u>306,648</u>	<u>39,519</u>	<u>346,167</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts payable	293,921	-	293,921
Intergovernmental payable:			
State	48,846	-	48,846
Interfund payables (internal)	<u>(73,911)</u>	<u>73,911</u>	<u>-</u>
Total current liabilities	<u>268,856</u>	<u>73,911</u>	<u>342,767</u>
Net position			
Restricted for Food Service	34,392	-	34,392
Unrestricted	<u>3,400</u>	<u>(34,392)</u>	<u>(30,992)</u>
Total net position	<u>\$ 37,792</u>	<u>\$ (34,392)</u>	<u>\$ 3,400</u>

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

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Totals
<b>Governmental activities:</b>						
Instruction	\$ 2,370,936	\$ -	\$ 643,760	\$ (1,727,176)	\$ -	\$ (1,727,176)
Administrative cost	533,889	-	11,808	(522,081)	-	(522,081)
Support services	868,343	-	76,754	(791,589)	-	(791,589)
Capital outlay	135,934	-	61,693	(74,241)	-	(74,241)
Total governmental activities	3,909,102	-	794,015	(3,115,087)	-	(3,115,087)
<b>Business-type activities:</b>						
Food Service	158,263	254	123,617	-	(34,392)	(34,392)
Total primary government	\$ 4,067,365	\$ 254	\$ 917,632	\$ (3,115,087)	\$ (34,392)	\$ (3,149,479)
<b>General revenues, transfers and special items:</b>						
Local sources				\$ 432,026	-	\$ 432,026
State sources				2,498,526	-	2,498,526
Contributions				120,000	-	120,000
Miscellaneous				63,790	-	63,790
Total general revenues, transfers and special items				3,114,342	-	3,114,342
Changes in net position				(745)	(34,392)	(35,137)
Net position - beginning				38,537	-	38,537
Net position - ending (A-1)				\$ 37,792	\$ (34,392)	\$ 3,400

**FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

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

GOVERNMENTAL FUNDS  
BALANCE SHEET

JUNE 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 53,015	\$ -	\$ 53,015
Accounts receivable:			
State	161,708	-	161,708
Interfund receivables	105,836	-	105,836
Other receivables	<u>60,000</u>	<u>-</u>	<u>60,000</u>
Other current assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 380,559</u>	<u>\$ -</u>	<u>\$ 380,559</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 293,921	\$ -	\$ 293,921
Intergovernmental payables:			
State	<u>48,846</u>	<u>-</u>	<u>48,846</u>
Total liabilities	<u>342,767</u>	<u>-</u>	<u>342,767</u>
Fund balances:			
Assigned	264,007	-	264,007
Unassigned	<u>(226,215)</u>	<u>-</u>	<u>(226,215)</u>
Total fund balances	<u>37,792</u>	<u>-</u>	<u>37,792</u>
Total liabilities and fund balances	<u>\$ 380,559</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		<u>-</u>
			<u>-</u>
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		<u>-</u>
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		<u>-</u>
			<u>-</u>
Net position of governmental activities - A-1			<u>\$ 37,792</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, 2019**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total</b>
<b>Revenues</b>			
Local Sources:			
Local tax levy	\$ 432,026	\$ -	\$ 432,026
Grant and contributions	120,000	-	120,000
Miscellaneous	63,790	-	63,790
Total revenues -local sources	615,816	-	615,816
State sources	2,498,526	-	2,498,526
Federal sources	-	694,130	694,130
Reimbursed TPAF - Social Security (non-budgeted)	99,885	-	99,885
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	3,214,227	694,130	3,908,357
<b>Expenditures</b>			
Current expense:			
Instruction	1,453,352	564,379	2,017,731
Administrative cost	788,250	-	788,250
Support services	799,244	68,058	867,302
Capital outlay	74,241	61,693	135,934
Reimbursed and on-behalf payments:			
Reimbursed TPAF - Social Security (non-budgeted)	99,885	-	99,885
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	3,214,972	694,130	3,909,102
Excess revenues over expenditures	(745)	-	(745)
Fund balances at beginning of the year	38,537	-	38,537
Fund balances at end of year	\$ 37,792	\$ -	\$ 37,792

**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 (REISSUED)**

**YEAR ENDED JUNE 30, 2019**

**Total net change in fund balances - governmental funds (B-2)** \$ (745)

**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.

-

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.

-

**Change in net position of governmental activities (A-2)** \$ (745)



**PROPRIETARY FUNDS**

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

**PROPRIETARY FUND**

**STATEMENT OF NET POSITION**

**JUNE 30, 2019**

**Assets**

Current assets:

Cash and cash equivalents	\$ 2,473
Accounts receivable:	
Federal	36,618
State	428
	<u>37,046</u>

Total Assets \$ 39,519

**Liabilities**

Current liabilities

Interfund payable - General fund	<u>\$ 73,911</u>
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**Net position**

Unrestricted	<u>(34,392)</u>
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Total Liabilities and Net Position \$ 39,519

**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, 2019**

Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ -
Miscellaneous revenue	254
Total operating revenues	<u>254</u>
Operating expenses:	
Supplies and materials - reimbursable programs	<u>158,263</u>
Operating loss	<u>(158,009)</u>
Nonoperating revenues:	
State sources:	
State School Lunch Program	\$ 1,543
Federal sources:	
National School Lunch	88,144
National School Breakfast	33,930
Total nonoperating revenues	<u>123,617</u>
Change in net position	(34,392)
Total net position at beginning of year	<u>-</u>
Total net position at end of year	<u>\$ (34,392)</u>

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

**PROPRIETARY FUND**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED JUNE 30, 2019**

**Cash flows from operating activities**

Operating income	\$ (158,009)
Adjustment to reconcile operating loss to net cash from operating activities:	
Changes in assets and liabilities:	
Accounts receivable	(37,046)
Interfund payable	<u>73,901</u>
Net cash from operating activities	(121,154)

**Cash flows from noncapital financing activities**

Cash received from state and federal reimbursements	<u>123,617</u>
Net increase in cash and cash equivalents	2,463
Cash and cash equivalents at beginning of the year	<u>10</u>
Cash and cash equivalents at end of year	<u>\$ 2,473</u>

**FIDUCIARY FUNDS**

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

**FIDUCIARY FUNDS**

**STATEMENT OF FIDUCIARY NET POSITION**

**JUNE 30, 2019**

**Assets**

Cash and cash equivalents	\$ <u>45,091</u>
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**Liabilities**

Payroll withholdings payable	\$ 12,239
Due to student groups	927
Interfund payables	<u>31,925</u>

Total liabilities	\$ <u>45,091</u>
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**ACHIEVE COMMUNITY CHARTER SCHOOL  
(COUNTY OF ESSEX, NEW JERSEY)**

**FIDUCIARY FUNDS**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

**YEAR ENDED JUNE 30, 2019**

Revenues:	
General fund appropriation	\$ -
Employees' contributions	<u>2,706</u>
Total revenues	<u>2,706</u>
Expenditures:	
Payments to NJ Unemployment Compensation Fund	<u>2,706</u>
Total expenditures	<u>2,706</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, 2019**

**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, 2019, 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, 2019, 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, 2019, 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, 2019, 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, 2019.

**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 Statement 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, 2019.

**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, 2019, 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. Fiscal year ended June 30, 2019 is the Charter School’s second 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 March 18, 2020.

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 2 ACCOUNTING PRONOUNCEMENT ISSUED BUT NOT YET ADOPTED**

GASB Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or, if applied to earlier periods, the beginning of the earliest period restated). However, lessors should not restate the assets underlying their existing sales-type or direct financing leases. Any residual assets for those leases become the carrying values of the underlying assets.

This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The Charter School is currently evaluating the impact of GASB Statement No. 87 on its charter school-wide financial statements.

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 3 CASH AND CASH EQUIVALENTS**

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

As of June 30, 2019, the Charter School's deposits are summarized as follows:

	General Fund	Enterprise Fund	Trust and Agency Funds	Total
Operating Account	\$ 53,015	\$ 2,473	\$ 45,091	\$ 100,579
Restricted cash	-	-	-	-
Total	<u>\$ 53,015</u>	<u>\$ 2,473</u>	<u>\$ 45,091</u>	<u>\$ 100,579</u>

Operating cash accounts are held in the Charter School's name by several banking institutions. At June 30, 2019, the Charter School's carrying amount of deposits was \$100,579 and the bank balance was \$244,536. Of the bank balance, up to a maximum of \$250,000 of the Charter School's cash deposits on June 30, 2019 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.

*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."



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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 4 NET POSITION (DEFICIT)**

As of June 30, 2019, net position consisted of the following components:

<b><u>INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT</u></b>	<b><u>Governmental</u></b>	<b><u>Business Type</u></b>	<b><u>Total</u></b>
Capital assets, net	\$ -	\$ -	\$ -
Less: Long-Term obligations	-	-	-
(All long-term debt relates to capital assets)	-	-	-
<b><u>RESTRICTED</u></b>			
Restricted for Food Service	34,392	-	34,392
<b><u>UNRESTRICTED</u></b>			
Net position (deficit) not restricted above	3,400	(34,392)	(30,992)
<b>NET POSITION (DEFICIT)</b>	<b>\$ 37,792</b>	<b>\$ (34,392)</b>	<b>\$ 3,400</b>

**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.

**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.

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 5 PENSION PLANS - CONTINUED**

**A. Description of Plans - Continued**

**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.

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 \$99,885 during the year ended June 30, 2019 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, 2019 is the Charter School's first year of operations.

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

As of June 30, 2019, 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, 2019, 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**

General Information about the OPEB Plan - Plan description and benefits provided

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2018, the State paid PRM benefits for 148,401 State and local retirees.

The State funds post-retirement medical benefits on a “pay-as-you-go” basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2018, the State contributed \$1.909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The increase in the State’s pay-as-you-go contribution between Fiscal Year 2017 and Fiscal Year 2018 is attributed to rising health care costs, an increase in the number of participants qualifying for State-paid PRM benefits at retirement and larger fund balance utilization in Fiscal Year 2017 than in Fiscal Year 2018. The Fiscal Year 2019 Appropriations Act includes \$1.921 billion as the State’s contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the Fiscal Year 2017 total State OPEB liability to provide these benefits has been re-measured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year’s \$36.5 billion liability booked in accordance with GASB Statement No. 45. For Fiscal Year 2018, the total OPEB liability for the State is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the re-measured total OPEB liability in Fiscal Year 2017.

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.

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 6 POST-RETIREMENT BENEFITS - CONTINUED**

Total OPEB Liability

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

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

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

For the year ended June 30, 2019, 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 GASBS No. 75 and in which there is a special funding situation.

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

At June 30, 2019, 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 pertains to to expenses that were paid from the general fund which are eliminated in the governmental activities’ column. The remaining internal receivable and payable between the governmental funds and enterprise fund have been eliminated in the total Charter School-wide Statement of Net Position.

At June 30, 2019, 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	\$105,836	\$ -	\$ (73,911)	\$ (31,925)
GASB No 34 mandated eliminations within governmental activities	-	-	-	-
Net interfund balances reported as follows:				
Entity-wide (eliminated in total column)	<u>\$105,836</u>	<u>\$ -</u>	<u>\$ (73,911)</u>	
External (Due from Trust and Agency Funds)				<u>\$ (31,925)</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, 2019, resulting from a review by a responsible government agency will not have a material effect on the Charter School financial statements at June 30, 2019.



**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, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Revenues</b>					
Local Sources:					
Local tax levy	\$ 432,026		\$ -	\$ 432,026	\$ 432,026
Contributions	-	-	-	120,000	120,000
Miscellaneous	-	-	-	63,790	63,790
Total revenues - local sources	<u>432,026</u>	<u>-</u>	<u>-</u>	<u>615,816</u>	<u>615,816</u>
State sources	2,498,526		2,930,552	2,498,526	(432,026)
Reimbursed TPAF - Social Security (non-budgeted)	-	-	-	99,885	99,885
Total revenues	<u>2,930,552</u>	<u>-</u>	<u>2,930,552</u>	<u>3,214,227</u>	<u>283,675</u>
<b>Expenditures</b>					
Current expense:					
Instruction					
Salaries	1,194,130	(179,220)	1,014,910	703,960	310,950
Other salaries for instruction	881,508	(185,750)	695,758	518,214	177,544
Professional/technical service	286,500	(47,560)	238,940	47,036	191,904
Other purchased services	6,000	(975)	5,025	5,025	-
General supplies	84,975	1,749	86,724	86,313	411
Textbooks	63,300	9,702	73,002	73,002	-
Miscellaneous	57,500	(37,530)	19,970	19,802	168
Total current expense	<u>2,573,913</u>	<u>(439,584)</u>	<u>2,134,329</u>	<u>1,453,352</u>	<u>680,977</u>
Administrative cost:					
Salaries	214,332	40,130	254,462	254,462	-
Total benefit costs	414,293	11,547	425,840	306,900	118,940
Professional/technical service	184,997	26,639	211,636	82,642	128,994
Other purchased services	-	3,624	3,624	3,624	-
Communications and telephones	14,400	7,970	22,370	17,663	4,707
Supplies and materials	4,600	26,584	31,184	25,796	5,388
Miscellaneous	-	97,163	97,163	97,163	-
Total administrative cost	<u>832,622</u>	<u>213,657</u>	<u>1,046,279</u>	<u>788,250</u>	<u>258,029</u>
Support services:					
Salaries	175,000	12,403	187,403	187,403	-
Other purchased services	87,000	31,101	118,101	94,444	23,657
Rent on land and buildings	210,000	92,216	302,216	230,000	72,216
Insurance-fidelity, liability, property	23,000	4,180	27,180	24,712	2,468
Supplies and materials	7,500	14,798	22,298	22,159	139
Transportation-other than to/from school	105,000	4,186	109,186	109,186	-
Utilities	80,802	67,043	147,845	131,340	16,505
Total support services	<u>688,302</u>	<u>225,927</u>	<u>914,229</u>	<u>799,244</u>	<u>114,985</u>

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Capital outlay:					
Instructional equipment	60,000	2,549	62,549	62,549	-
Non-instructional equipment	<u>128,453</u>	<u>(2,549)</u>	<u>125,904</u>	<u>11,692</u>	<u>114,212</u>
Total capital outlay	<u>188,453</u>	<u>-</u>	<u>188,453</u>	<u>74,241</u>	<u>114,212</u>
Reimbursed TPAF - Social Security (non-budgeted)	-	-	-	99,885	(99,885)
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	<u>4,283,290</u>	<u>-</u>	<u>4,283,290</u>	<u>3,214,972</u>	<u>1,068,318</u>
Excess (deficiency) of revenues over expenditures	(1,352,738)	-	(1,352,738)	(745)	1,351,993
Fund balances at beginning of the year	<u>38,537</u>	<u>-</u>	<u>38,537</u>	<u>38,537</u>	<u>-</u>
Fund balances at ending of the year	<u>\$ (1,314,201)</u>	<u>-</u>	<u>\$ (1,314,201)</u>	<u>\$ 37,792</u>	<u>\$ 1,351,993</u>

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

## SPECIAL REVENUE FUND

## BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual
<b>Revenues</b>					
Local	\$ -	\$ -	\$ -	\$ -	\$ -
Federal	694,130	-	694,130	694,130	-
Total revenues - all sources	<u>694,130</u>	<u>-</u>	<u>694,130</u>	<u>694,130</u>	<u>-</u>
<b>Expenditures</b>					
Current Expenditures:					
Instruction:					
Salaries of teachers	488,494	-	488,494	488,494	-
Purchased professional and technical services	74,242	-	74,242	74,242	-
Supplies and materials	1,643	-	1,643	1,643	-
Total instruction	<u>564,379</u>	<u>-</u>	<u>564,379</u>	<u>564,379</u>	<u>-</u>
Support services					
Employee benefits	37,653	-	37,653	37,653	-
Purchased professional educational services	30,405	-	30,405	30,405	-
Total support services	<u>68,058</u>	<u>-</u>	<u>68,058</u>	<u>68,058</u>	<u>-</u>
Capital Outlay:					
Facilities acquisition and construction services		-			-
Instructional equipment	61,693	-	61,693	61,693	-
Total Expenditures	<u>694,130</u>	<u>-</u>	<u>694,130</u>	<u>694,130</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, 2019

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule:	[C-1] \$ 3,214,227	[C-2] 694,130
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>3,214,227</u>	[B-2] <u>694,130</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] 3,214,972	[C-2] 694,130
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>\$ 3,214,972</u>	[B-2] <u>\$ 694,130</u>

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

See independent auditor's report.

**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>2019</u>	<u>2018</u>
Charter School's proportion of the net pension liability (asset)	0.0000000000%	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	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	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 2018, the same year that the Charter School was formed.



**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>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered-employee payroll	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	0.00%	0.00%

(1) The Charter School implemented GASB 68, *Accounting and Financial Reporting for Pension* in fiscal year 2018, the same year that the Charter School was formed.

**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>2019</u>	<u>2018</u>
State's proportion of the net pension liability (asset) attributable to the Charter School	0.0000000000%	0.0000000000%
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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	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 2018, the same year that the Charter School was formed.

**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>2019</u>	<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>	<u>\$ -</u>
At end of year	<u>\$ -</u>	<u>\$ -</u>
Charter School's proportionate share of the Total OPEB Liability	0%	0%
Charter School Covered-employee payroll <sup>(2)</sup>	\$ -	\$ -
Total State OPEB liability as a percentage of Charter School covered-employee payroll	N/A	N/A

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

**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, 2019**

***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 5.00% to 5.66%. 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 5.66% in the current measurement date was based on the long-term expected rate of return on pension plan investments of 7.00% (7.00% in prior measurement date) and a municipal bond rate of 3.87% (3.58% 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, 2019, 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 4.86% 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 4.86% in the current measurement date was based on the long-term expected rate of return on pension plan investments of 7.00% (7.00% in prior measurement date) and a municipal bond rate of 3.87% (3.58% 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, 2019, 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 3.58% to 3.87% 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. At June 30, 2019, the Charter School's share in the net pension liability is zero.

## **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, 2019

	<u>Title I</u>	<u>Title IIA</u>	<u>Title IV</u>	<u>Project Neighborhood</u>	<u>CMO Developer Grant</u>	<u>Total</u>
<b>Revenues</b>						
Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal	126,617	13,331	10,000	380,000	164,182	694,130
Total revenues - all sources	<u>\$ 126,617</u>	<u>\$ 13,331</u>	<u>\$ 10,000</u>	<u>\$ 380,000</u>	<u>\$ 164,182</u>	<u>\$ 694,130</u>
<b>Expenditures</b>						
Current Expenditures:						
Instruction:						
Salaries of teachers	\$ 90,000	\$ -	\$ -	348,494	50,000	\$ 488,494
Purchased professional and technical services	-	-	-	22,500	51,742	74,242
Supplies and materials	1,643	-	-	-	-	1,643
Total instruction	<u>91,643</u>	<u>-</u>	<u>-</u>	<u>370,994</u>	<u>101,742</u>	<u>564,379</u>
Support expenditures						
Employee benefits	27,900	-	-	9,006	747	37,653
Purchased services	7,074	13,331	10,000	-	-	30,405
Total administrative services	<u>34,974</u>	<u>13,331</u>	<u>10,000</u>	<u>9,006</u>	<u>747</u>	<u>68,058</u>
Capital Outlay:						
Instructional equipment	-	-	-	-	61,693	61,693
Total Expenditures	<u>\$ 126,617</u>	<u>\$ 13,331</u>	<u>\$ 10,000</u>	<u>\$ 380,000</u>	<u>\$ 164,182</u>	<u>\$ 694,130</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, 2019, 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, 2019

	<u>FOOD SERVICE</u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 2,473
Accounts receivable:	
Federal	36,618
State	<u>428</u>
	<u>37,046</u>
Total Assets	<u>\$ 39,519</u>
<b>Liabilities</b>	
Current liabilities	
Interfund payable - General fund	<u>\$ 73,911</u>
<b>Net assets</b>	
Unrestricted	<u>(34,392)</u>
Total Liabilities and Net Position	<u>\$ 39,519</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, 2019**

	<b>FOOD SERVICE</b>
	<u>                    </u>
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ -
Miscellaneous revenue	<u>254</u>
Total operating revenues	<u>254</u>
Operating expenses:	
Supplies and materials - reimbursable programs	<u>158,263</u>
Operating loss	<u>(158,009)</u>
Nonoperating revenues:	
State sources:	
State School Lunch	1,543
Federal sources:	
National School Lunch	88,144
National School Breakfast	<u>33,930</u>
Total nonoperating revenues	<u>123,617</u>
Loss before transfers	(34,392)
Transfers in - General fund	<u>-</u>
Changes in net position	(34,392)
Total net position at beginning of year	<u>-</u>
Total net position at end of year	<u>\$ (34,392)</u>

EXHIBIT G-3

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

ENTERPRISE FUND

COMBINING SCHEDULE OF CASH FLOWS

YEAR ENDED JUNE 30, 2019

	<u>FOOD SERVICE</u>
<b>Cash flows from operating activities</b>	
Operating income	\$ (158,009)
Adjustment to reconcile operating income to net cash from operating activities:	
Changes in assets and liabilities:	
Accounts receivable	(37,046)
Interfund payable	<u>73,901</u>
Net cash from operating activities	<u>(121,154)</u>
<b>Cash flows from noncapital financing activities</b>	
Cash received from state and federal reimbursements	<u>123,617</u>
Net increase in cash and cash equivalents	2,463
Cash and cash equivalents at beginning of the year	<u>10</u>
Cash and cash equivalents at end of year	<u>\$ 2,473</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, 2019, 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, 2019

	New Jersey Unemployment Benefits	Student Activities	Agency Net Payroll	Payroll Agency	Total
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 927	\$ 3,675	\$ 40,489	\$ 45,091
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Payroll and withholdings payable	\$ -	\$ -	\$ -	\$ 12,239	\$ 12,239
Due to student groups	-	927	-	-	927
Interfund payable	-	-	3,675	28,250	31,925
Total liabilities	-	927	3,675	40,489	45,091
<b>Net Position</b>					
Restricted					
Unemployment compensation	-	-	-	-	-
Total liabilities and net position	\$ -	\$ 927	\$ 3,675	\$ 40,489	\$ 45,091

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, 2019

	New Jersey Unemployment Benefits
	<u>                    </u>
Revenues:	
General fund appropriation	\$ -
Employees' contributions	<u>2,706</u>
Total revenues	<u>2,706</u>
Expenditures:	
Payments to NJ Unemployment Compensation Fund	<u>2,706</u>
Total expenditures	<u>2,706</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, 2019

	<u>Balance June 30, 2018</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2019</u>
<b>Assets</b>				
Cash	\$ -	\$ 927	\$ -	\$ 927
<b>Liabilities</b>				
Due to Student Groups	\$ -	\$ 927	\$ -	\$ 927

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

PAYROLL AGENCY FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

YEAR ENDED JUNE 30, 2019

	<u>Balance June 30, 2018</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2019</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 22,457	\$ 18,032	\$ -	\$ 40,489
Total Assets	<u>\$ 22,457</u>	<u>\$ 18,032</u>	<u>\$ -</u>	<u>\$ 40,489</u>
<b>Liabilities</b>				
Payroll deductions and withholdings	\$ -	\$ 12,239	\$ -	\$ 12,239
Interfund payable	<u>22,457</u>	<u>5,793</u>	<u>-</u>	<u>28,250</u>
Total Liabilities	<u>\$ 22,457</u>	<u>\$ 18,032</u>	<u>\$ -</u>	<u>\$ 40,489</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**

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>  These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	<b>68</b>
<b>Revenue Capacity</b>  These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	<b>N/A</b>
<b>Debt Capacity</b>  These schedules present information to help the reader assess the affordability of the district' s current levels of outstanding debt and the district's ability to issue additional debt in the future.	<b>N/A</b>
<b>Demographic and Economic Information</b>  These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	<b>73</b>
<b>Operating Information</b>  These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	<b>75</b>

**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)*

	<b>Fiscal Year Ending June 30,</b>	
	<b>2019</b>	<b>2018</b>
Governmental activities		
Invested in capital assets, net of related debt	\$ 34,392	\$ -
Restricted	-	-
Unrestricted	<u>3,400</u>	<u>38,537</u>
Total governmental activities net position	<u>\$ 37,792</u>	<u>\$ 38,537</u>
Business-type activities		
Invested in capital assets, net of related debt	\$ -	\$ -
Restricted	-	-
Unrestricted	<u>(34,392)</u>	<u>-</u>
Total business-type activities net position	<u>\$ (34,392)</u>	<u>\$ -</u>
School-wide		
Invested in capital assets, net of related debt	\$ 34,392	\$ -
Restricted	-	-
Unrestricted	<u>(30,992)</u>	<u>38,537</u>
Total charter school net position	<u>\$ 3,400</u>	<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)*

	<b>Fiscal Year Ending June 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>Expenses</b>		
Governmental activities		
Instruction	\$ 2,370,936	\$ 724,567
Administrative	533,889	167,020
Support Services	868,343	145,896
Unallocated:		
Capital outlay	135,934	6,280
Total governmental activities expenses	<u>3,909,102</u>	<u>1,043,763</u>
Business-type activities:		
Food service	158,263	-
Total business-type activities expense	<u>158,263</u>	<u>-</u>
Total district expenses	<u>4,067,365</u>	<u>1,043,763</u>
<b>Program Revenues</b>		
Governmental activities:		
Charges for services:		
Operating grants and contributions	794,015	217,693
Total governmental activities program revenues	<u>794,015</u>	<u>217,693</u>
Business-type activities:		
Charges for services:		
Food service	254	-
Operating grants and contributions	123,617	-
Total business-type activities program revenues	<u>123,871</u>	<u>-</u>
Total district program revenues	<u>917,886</u>	<u>217,693</u>
<b>Net (Expense)/Revenue</b>		
Governmental activities	(3,115,087)	(826,070)
Business-type activities	<u>(34,392)</u>	<u>-</u>
Total district-wide net expense	<u>(3,149,479)</u>	<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)*

	<b>Fiscal Year Ending June 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>General Revenues and Other Changes in Net Assets</b>		
Governmental activities:		
Property taxes levied for general purposes, net	432,026	131,141
Grants and contributions	2,618,526	728,034
Miscellaneous income	63,790	5,432
Total governmental activities	<u>3,114,342</u>	<u>864,607</u>
Business-type activities:		
Miscellaneous Income	-	-
Transfers	-	-
Total business-type activities	<u>-</u>	<u>-</u>
Total district-wide	<u>3,114,342</u>	<u>864,607</u>
<b>Changes in Net Position</b>		
Governmental activities	(745)	38,537
Business-type activities	(34,392)	-
Total district	<u>\$ (35,137)</u>	<u>\$ 38,537</u>



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

**FUND BALANCES - GOVERNMENTAL FUNDS**

**Last Ten Fiscal Years (1)**  
*(Modified accrual basis of accounting)*

	<b>Fiscal Year Ending June 30,</b>	
	<b>2019</b>	<b>2018</b>
General Fund		
Assigned	\$ 264,007	\$ -
Unassigned	<u>(226,215)</u>	<u>38,537</u>
Total general fund	<u>\$ 37,792</u>	<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)**

Function	2019	2018
<b>Revenues</b>		
Local Sources:		
Local tax levy	\$ 432,026	\$ 215,161
Miscellaneous	183,790	5,432
State sources	2,598,411	756,321
Federal sources	694,130	105,386
Total Revenues	<u>3,908,357</u>	<u>1,082,300</u>
<b>Current expense</b>		
Instruction	2,017,731	671,300
Administrative cost	788,250	188,199
Support services	867,302	148,897
Capital outlay	135,934	6,280
TPAF - FICA Reimbursement	99,885	28,287
Total Expenditures	<u>3,909,102</u>	<u>1,042,963</u>
Excess of Revenues Over Expenditures	(745)	39,337
Net change in fund balances	<u>\$ (745)</u>	<u>\$ 39,337</u>
Debt service as a percentage of noncapital expenditures	0.00%	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 <sup>a</sup></u>	<u>Personal Income <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2019	**	**	**	**
2018	282,090	**	**	7.00%

\*\* Data not available

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

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

<sup>c</sup> Per capita personal income was computed using Census Bureau midyear population estimates. All dollar estimates are in thousands of current dollars (not adjusted for inflation). Estimates for 2010-2017 reflect county population estimates available as of March 6, 2019.

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

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

**PRINCIPAL EMPLOYERS  
Current Year and One Year Ago**

Employer	2019		2018	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
St. Barnabas Health Care System	23,000	**	23,000	**
Verizon	17,100	**	17,100	**
Prudential Ins. Co. of America	16,850	**	16,850	**
Rutgers University - Newark Campus	15,500	**	15,500	**
Continental Airlines	11,000	**	11,000	**
Newark Board of Education	7,050	**	7,050	**
Automatic Data Processing	5,649	**	5,649	**
New Jersey Transit	4,000	**	4,000	**
City of Newark	4,000	**	4,000	**
Essex County	3,500	**	3,500	**
PSE&G	-		-	
JP Morgan Chase	-		-	
Horizon Blue Cross/Blue Shield	-		-	
Roche	-		-	
KPMG	-		-	
Ricoh American Corp	-		-	
	<u>107,649</u>		<u>107,649</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/PI  
Last Ten Fiscal Years (1)  
(Unaudited)**

<b><u>Function/Program</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Instruction	35	4
Administrative	10	3
Support Services	5	7
Food Service	<u>-</u>	<u>-</u>
Total	<u><u>50</u></u>	<u><u>14</u></u>

**Source:** Charter School's personnel records

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

**OPERATING STATISTICS**

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

<b>Fiscal Year</b>	<b>Enrollment</b>	<b>Operating Expenditures <sup>a</sup></b>	<b>Cost Per Pupil</b>	<b>Percentage Change</b>	<b>Teaching Staff <sup>b</sup></b>	<b>Pupil/Teacher Ratio Elementary</b>	<b>Average Daily Enrollment (ADE) <sup>c</sup></b>	<b>Average Daily Attendance (ADA) <sup>c</sup></b>	<b>% Change in Average Daily Enrollment</b>	<b>Student Attendance Percentage</b>
2019	221	3,773,168	17,073	100.00%	35	12: 1	221.2	217.9	N/A	98.51%
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>2019</u>	<u>2018</u>
<u>Charter School Building</u>		
<u>Elementary School</u>		
Square Feet	4,000	4,000
Capacity (students)	250	250
Enrollment	221	61
Number of Schools	1	1

**Source:** Charter School's Records

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

**INSURANCE SCHEDULE**

**June 30, 2019  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
<b>Commercial General Liability <sup>(1)</sup></b>		
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
<b>Employee Benefits</b>		
Aggregate limit	3,000,000	
Each Claim limit	1,000,000	
<b>Automobile</b>		
Non Owned & Hired Auto Liability	1,000,000	
<b>Professional Liability</b>		
Aggregate limit	3,000,000	
Each Claim limit	1,000,000	
<b>School Coverage</b>		
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



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

CHARTER SCHOOL PERFORMANCE FRAMEWORK  
FINANCIAL PERFORMANCE  
FISCAL RATIOS

Multi-Year Information  
(Unaudited)

	2018 Audit	2019 Audit	Source
Cash	\$ 22,014	\$ 55,488	Audit: Exhibit A-1
Current Assets	54,253	346,167	Audit: Exhibit A-1
Total Assets	54,253	346,167	Audit: Exhibit A-1
Current Liabilities	15,716	342,767	Audit: Exhibit A-1
Total Liabilities	15,716	342,767	Audit: Exhibit A-1
Net Assets	38,537	3,400	Audit: Exhibit A-1
Total Revenue	1,082,300	4,032,228	Audit: Exhibit A-2
Total Expenses	1,043,763	4,067,365	Audit: Exhibit A-2
Change in Net Assets	38,537	(35,137)	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	221	DOE Enrollment Reports
March 30th Budgeted Enrollment	66	66	Charter School Budget

	2018	2019	3 YR CUM	Source:	Target
<b>Near Term Indicators</b>					
1a.	Current Ratio	3.45	1.01	N/A	Current Assets/Current Liabilities > 1.1
1b.	Unrestricted Days Cash	7.70	4.98	N/A	Cash/(Total Expenses/365) 30-60
1c.	Enrollment Variance	95%	335%	N/A	Average Daily Enrollment/Budgeted Enrollment >95%
1d.	Default	No	No	N/A	Audit not in default
<b>Sustainability Indicators</b>					
2a.	Total Margin	4%	-1%	N/A	Change in Net Assets/Total Revenue positive
2b.	Debt to Asset	0.99	0.99	N/A	Total Liabilities/Total Assets <.9
2c.	Cash Flow	22,014	33,474	N/A	Net change in cash flow from prior years 3 yr cum positive
2d.	Debt Service Coverage Ratio	N/A	N/A	N/A	(Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments) >1.10

# **SINGLE AUDIT SECTION**

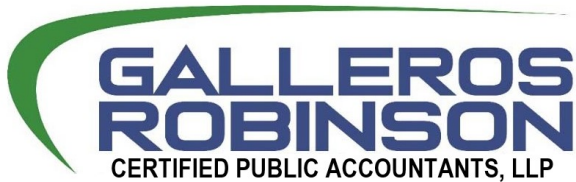


EXHIBIT K-1

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

The Honorable President and  
Members of the Board of Trustees  
Achieve Community Charter School  
County of Essex  
Newark, 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, 2019, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated March 18, 2020.

**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.

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 have not been identified. We did identify certain deficiencies in internal control, that we consider to be material weaknesses and significant deficiencies.

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

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

detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as finding 2019-001 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as finding 2019-002 to be significant deficiencies.

**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.

We also 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 March 18, 2020.

**Charter School's Response to Findings**

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

**Purpose of this Report**

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



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



Galleros Robinson CPAs, LLP  
Certified Public Accountants

March 18, 2020  
Cream Ridge, New Jersey



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

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

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

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 and federal programs for the fiscal year ended June 30, 2019. The Charter School's major state and federal program are identified in the summary of auditor's 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 federal and state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Charter School's major federal and 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; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, Uniform Guidance 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 federal and 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 AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR LETTER 15-08**

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 federal and state programs.

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

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 federal and state program for the fiscal year ended June 30, 2019.

### **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 federal and 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 federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and 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 federal and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR LETTER 15-08**

**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 the Uniform Guidance and New Jersey OMB Circular Letter 15-08. Accordingly, this report is not suitable for any other purpose.



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



Galleros Robinson CPAs, LLP  
Certified Public Accountants

March 18, 2020  
Cream Ridge, New Jersey

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2019

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, 2018	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2019		
					From	To						(Accounts Receivable)	Deferred Revenue	Due to Grantor
<b>U.S. Department of Education:</b>														
<b>Passed-through New Jersey State Department Education</b>														
<b>Special Revenue Fund:</b>														
Title I Part A Grants to Local Educational Agencies	84.010	S010A180030	NCLB - 6110 - 19	\$ 126,617	7/1/2018	6/30/2019	\$ -	\$ -	\$ 126,617	\$ (126,617)	\$ -	\$ -	\$ -	\$ -
Improving Teacher Quality State Grants (Title II Part A) SEA	84.367	S367A180029	NCLB - 6110 - 19	13,331	7/1/2018	6/30/2019	-	-	13,331	(13,331)	-	-	-	-
Title IV – Student Support and Academic Enrichment (ESSA)	84.424	S424A180031	NCLB - 6110 - 19	10,000	7/1/2018	6/30/2019	-	-	10,000	(10,000)	-	-	-	-
Total U.S. Department of Education							-	-	149,948	(149,948)	-	-	-	-
<b>U.S. Department of Education:</b>														
<b>Passed-through Building Responsible Intelligent Creative Kids</b>														
Charter Schools Program (CSP) Grants to Developers for the Replication and Expansion of High-Quality Charter Schools	84.282E	UNKNOWN	UNKNOWN	\$ 200,000	10/1/2018	9/30/2019	-	-	164,182	(164,182)	-	-	-	-
<b>U.S. Department of Education:</b>														
<b>Passed-through South Ward Alliance</b>														
Project Neighborhood Programs	84.215N	UNKNOWN	UNKNOWN	\$ 380,000	10/1/2018	9/30/2019	-	-	380,000	(380,000)	-	-	-	-
<b>U.S. Department of Agriculture</b>														
<b>Passed-through New Jersey State Department of Agriculture</b>														
<b>Enterprise Fund:</b>														
National School Lunch Program	10.555	191NJ304N1099	N/A	88,144	7/1/2018	6/30/2019	-	-	62,406	(88,144)	-	(25,738)	-	-
National School Breakfast Program	10.553	191NJ304N1099	N/A	33,930	7/1/2018	6/30/2019	-	-	23,050	(33,930)	-	(10,880)	-	-
Total U.S. Department of Agriculture							-	-	85,456	(122,074)	-	(36,618)	-	-
<b>Total Expenditures of Federal Awards</b>							\$ -	\$ -	\$ 235,404	\$ (816,204)	\$ -	\$ (36,618)	\$ -	\$ -



SCHEDULE OF STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2019

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Balance at June 30, 2018				Cash Received	Budgetary Expenditures Pass-through Funds	Adjustments Repayment Prior Year's Balances	Balance at June 30, 2019			MEMO	
			Award Amount	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount				Intergovernmental (Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditure
<b>New Jersey State Department of Education</b>														
<b>General Fund:</b>														
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	\$ 2,334,463	\$ -	\$ -	\$ -	2,264,068	\$ (2,334,463)	\$ -	\$ (119,241)	\$ -	\$ 48,846	\$ 119,241	\$ 2,334,463
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	701,716	(5,486)	14,193	-	5,486	-	(14,193)	-	-	-	-	-
Special Education Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	64,358	-	-	-	64,358	(64,358)	-	-	-	-	-	64,358
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	99,705	-	-	-	99,705	(99,705)	-	-	-	-	-	99,705
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	26,318	(113)	1,523	-	-	-	(1,410)	-	-	-	-	-
Reimbursed Social Security Tax	19-495-034-5094-003	7/1/18-6/30/19	99,885	-	-	-	57,418	(99,885)	-	(42,467)	-	-	-	-
Reimbursed Social Security Tax	18-495-034-5094-003	7/1/17-6/30/18	28,287	(2,598)	-	-	2,598	-	-	-	-	-	-	-
On-Behalf Teachers' Pension and Annuity Fund	19-495-034-5094-002	7/1/18-6/30/19	-	-	-	-	-	-	-	-	-	-	-	-
On-Behalf Teachers' Pension and Annuity Fund – Post Retirement Medical	19-495-034-5094-001	7/1/18-6/30/19	-	-	-	-	-	-	-	-	-	-	-	-
On-Behalf Teachers' Pension & Annuity Fund – Non-contributory Insurance	19-495-034-5094-004	7/1/18-6/30/19	-	-	-	-	-	-	-	-	-	-	-	-
Total General Fund				(8,197)	15,716	-	2,493,633	(2,598,411)	(15,603)	(161,708)	-	48,846	119,241	2,498,526
<b>Enterprise Fund:</b>														
State School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	1,543	-	-	-	1,115	(1,543)	-	(428)	-	-	428	1,543
<b>Total Expenditures of State Financial Assistance</b>				<b>\$ (8,197)</b>	<b>\$ 15,716</b>	<b>\$ -</b>	<b>\$ 2,494,748</b>	<b>\$ (2,599,954)</b>	<b>\$ (15,603)</b>	<b>\$ (162,136)</b>	<b>\$ -</b>	<b>\$ 48,846</b>	<b>\$ 119,669</b>	<b>\$ 2,500,069</b>
<b>Less: On-Behalf TPAF Pension System Contributions</b>														
On-Behalf Teachers' Pension and Annuity Fund	19-495-034-5094-002													
On-Behalf Teachers' Pension and Annuity Fund – Post Retirement Medical	19-495-034-5094-001													
On-Behalf Teachers' Pension & Annuity Fund – Non-contributory Insurance	19-495-034-5094-004													
<b>Total for State Financial Assistance-Major Program Determination</b>								<b>\$ (2,599,954)</b>						

**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, 2019****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	\$ -	\$ 2,598,411	\$ 2,598,411
Special Revenue Fund	694,130	-	694,130
Enterprise Fund	115,730	1,543	117,273
Total	<u>\$ 809,860</u>	<u>\$ 2,599,954</u>	<u>\$ 3,409,814</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 \$99,985 by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2019. 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, 2019.

**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, 2019**

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

**Financial Statement Section**

Type of auditor's report issued: Unmodified

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

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

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards – Not Applicable**

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

Auditee qualified as low-risk auditee?  Yes  No

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

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

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

Any audit findings disclosed that are required to be reported  
 in accordance with Uniform Guidance?  Yes  No

**Identification of Major Programs:**

<u>CFDA No.</u>	<u>Name of Federal Program</u>
84.215N	Project Neighborhood Programs

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FISCAL YEAR ENDED JUNE 30, 2019**

**SECTION I - SUMMARY OF AUDITOR'S 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 auditor's report on compliance for major programs: Unmodified

Internal control over compliance:

Material weakness(es) identified?  Yes  No

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

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

**Identification of Major Programs:**

<u>State or Project No.</u>	<u>Name of State Program</u>
State Aid Public Cluster:	
19-495-034-5120-078	Equalization Aid
19-495-034-5120-084	Security Aid
19-495-034-5120-085	Adjustment Aid

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

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

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Finding 2019-001 – Reconciliation of Accounts**

***Condition***

Periodic reconciliation of accounts is a fundamental account process to prove that transactions sums to the correct ending account balances. During the audit, we noted the following:

- The monthly bank reconciliations were incomplete and had several reconciling items requiring further analysis for proper disposition.
- Outstanding checks at year end included 31 checks written but not issued as of June 30, 2019. These were reclassified to accounts payable.
- Interfund payables and receivables were not reconciled
- Net payroll and payroll agency year-end balances were not reconciled

Several adjusting journal entries were posted during the audit to correct the related account balances.

***Cause***

The Charter School transactions were not timely recorded and reconciled.

***Effect***

Several adjusting journal entries were needed to correct certain account balances.

***Recommendation***

The Charter School should ensure that all transactions are recorded and reconciled on a timely basis. We also recommend that the Charter School develop and appropriate post-closing adjustment process to ensure that accounts are accurate.

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

The Charter School has instituted a policy of reconciling accounts. Bank reconciliations are now being performed for all accounts. Checks are only being written in accordance with the bill lists which are done in accordance with the projected cash flow. Therefore, checks are not written unless the funds will be there to cover the obligation.

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

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

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

**Finding 2019-002 – Claims and Purchase orders**

***Condition***

In our review of claims, we noted the following:

- Supporting documents for 21 of 40 claims paid were not on file.
- There were 16 of 19 claims examined have purchase order dates that are the same or after the invoice dates.
- One of 19 sample claims provided had a purchase order with no evidence of SBA approval.
- One of 19 sample claims examined did not have a signed vendor certification.
- Purchase orders for 2 of 19 sample claims provided did not have purchase orders on file.

Further, a payroll payment for an employee partially charged to Tile I did not have a completed time activity report to indicate time and effort spent on the federal program.

***Recommendation***

We recommend a review of the purchasing policy and procedures with personnel assigned. All supporting documents including approved purchase orders, vendor invoices and certifications are obtained and maintained. Further, expenses should always follow the Charter School's purchasing policy.

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

During this fiscal year end the school used an outside SBA firm that was supposed to perform all of the accounting and SBA duties. This firm did not return all of our records and did not properly handle the invoice and PO process. We no longer utilize the services of this firm and have hired an in-house SBA and accounting department. We follow strict procedures for processing payables and maintaining supporting documentation.

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

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

**SECTION III - FEDERAL AND STATE FINANCIAL ASSISTANCE FINDINGS AND  
QUESTIONED COSTS**

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, 2019**

There was no prior year finding.