

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
OF NEW JERSEY
FOR THE FISCAL PERIOD ENDED JUNE 30, 2019**

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JUNE 30, 2019
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November 21, 2019

Commissioner
New Jersey Department of Education
100 Riverview Executive Plaza
CN 500
Trenton, NJ 08625

Dear Commissioner:

The Comprehensive Annual Financial Report of the College Achieve Paterson Charter School for the fiscal period ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the school. To the best of our knowledge and belief, the data presented in this report are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the school. All disclosures necessary to enable the reader to gain an understanding of the school's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter and list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report. The statistical section includes audited data from the school's first six fiscal years. The school is required to undergo an annual single audit in conformity with the requirements of 2 CFR 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (U.S. Uniform Guidance), "Audits of State and Local Governments and Non-Profit Organizations," and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws and regulations and findings and recommendations is included in the single audit section of this report.

- 1) **REPORTING ENTITY AND ITS SERVICES** The College Achieve Paterson Charter School constitutes an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds and account groups of the entity are included in this report.

- 2) **ENROLLMENT OUTLOOK:** College Achieve Paterson Charter School opened in 2017 with a full class of 75 Kindergarten scholars. College Achieve plans to grow by one grade per year until fully enrolled as a K-9 school with 961 scholars.
- 3) **INTERNAL ACCOUNTING CONTROLS:** Management of the Charter School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the school are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits 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 school also is responsible for ensuring that an adequate control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the school management.

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balances at June 30, 2019.

- 5) **ACCOUNTING SYSTEM AND REPORTS:** The Charter Schools' accounting records reflect generally accepted accounting principles, as promulgated by the Government Accounting Standards Board (GASB). The accounting system of the school is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

- 6) **FINANCIAL INFORMATION AT FISCAL PERIOD-END:** As demonstrated by the various statements and schedules included in the financial section of report, the school has met its responsibility for sound financial management. The following schedule presents a summary of the General, Special Revenue and Proprietary Funds for the fiscal period ended June 30, 2019.

Revenue	Amount	Percent of Total
Local and State Aid	\$6,925,514	91%
Special Revenue	345,389	5%
Misc.	24,036	1%
Proprietary	281,321	4%
Total	\$7,576,260	100%

The following schedule presents a summary of the General, Special Revenue and Proprietary Funds expenditures for the fiscal period ended June 30, 2019.

Expenditures	Amount	Percent of Total
Current - General Fund	\$6,113,725	91%
Special Revenue	345,389	5%
Proprietary	237,374	4%
Total	\$6,696,488	100%

- 7) **CASH MANAGEMENT:** The investment policy of the school is guided in large part by the state Statute as detailed in “Notes to the Financial Statements,” Note 2. The school had adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with failed banking institutions in New Jersey. The law requires governmental units to deposit funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
- 8) **RISK MANAGEMENT:** The school carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, and hazard and theft insurance on property and contents.
- 9) **OTHER INFORMATION:**

Independent Audit – State statutes require an annual audit by an Independent Certified Public Accountant or Registered Municipal Accountant. The Accounting firm of Gerald D. Longo, CPA was selected by the Charter School.

In addition to meeting the requirements set forth in the state statutes, the Charter School is required to undergo an annual single audit in conformity with the provisions of the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the New Jersey OMB's Circular 15-08, "*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Information related to this single audit, including the auditor's report on internal control and compliance with applicable *laws and regulations* and findings and recommendations are included in the single audit section of this report.

The auditor's report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'B. Falkowski', with a stylized flourish at the end.

Mr. Brian Falkowski
School Business Administrator

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL

**ROSTER OF TRUSTEES
JUNE 30, 2019**

<u>BOARD OF TRUSTEES</u>	<u>TERM EXPIRES</u>
Andrew Fesen, President	6/2019
Roger Grutzmacher	5/2020
Kenyatta Stewart	5/2020
Jerry Walker	6/2020
Craig Woolridge	6/2022
Dr. Samuel Johnson	8/2021

CONSULTANTS AND ADVISORS
June 30, 2019

AUDIT FIRM

Gerald D. Longo, CPA
62 Old Queens Blvd.
Manalapan, NJ 07726-3648

ATTORNEYS

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

OFFICIAL DEPOSITORY

PNC Bank
Pittsburgh, PA 15230

FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANT
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MANALAPAN, NEW JERSEY 07726-3648

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Independent Auditor's Report

The Honorable Chairman and
Members of the Board of Trustees
College Achieve Paterson Charter School
County of Passaic
Paterson, New Jersey

Report on the Financial Statements

I 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 Board of Trustees of the College Achieve Paterson Charter School, County of Passaic, 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 College Achieve Paterson Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my 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 College Achieve Paterson Charter School as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity 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, which follows this report, the pension and post-employment benefits schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School basic financial statements, The accompanying supplementary information such as the combining and individual fund financial statements and the schedules of expenditures of federal and state awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and New Jersey's OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my

opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 21, 2019 on my consideration of the College Achieve Paterson Charter School’s internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College Achieve Paterson Charter School’s internal control over financial reporting and compliance.

Licensed Public School Accountant No. 20CS00206400



Gerald D. Longo
Certified Public Accountant
November 21, 2019

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

This section of College Achieve Paterson Charter School's annual financial report presents its discussion and analysis of the Board's financial performance during the fiscal period that ended on June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the Board's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2019-20 fiscal period include the following:

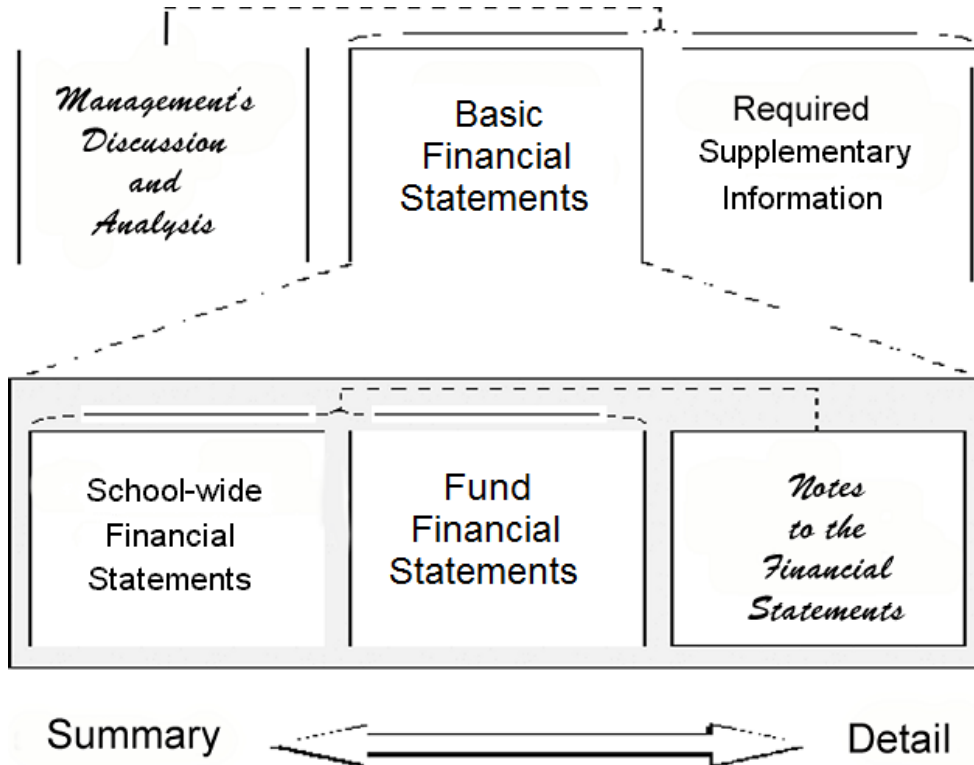
- Total Net Position was \$1,007,382.
- The unrestricted General Fund balance at June 30, 2019 is \$849,397 and Enterprise Fund \$43,947.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information that includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the College Achieve Paterson Charter School.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Figure A-1. Required Components of the Board's Annual Financial Report



- The first two statements are school-wide financial statements that provide both short-term and long-term information about the College Achieve Paterson Charter School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the College Achieve Paterson Charter School, reporting the College Achieve Paterson Charter School's operation in more detail than the school-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the Food Service activities. College Achieve Paterson Charter School does not operate a food service.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

The financial statements also include notes that explain some of the information in the statements and provide data that are more detailed. Figure A-1 summarizes the major features of the College Achieve Paterson Charter School’s financial statements, including the portion of the College Achieve Paterson Charter School’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 - Major Features of the School-wide and Financial Statements

	<u>School-wide Statements</u>	<u>Fund Financial Statements</u>	
		Governmental Funds	Proprietary Funds
Scope	Entire school (except fiduciary funds)	The activities of the College Achieve Paterson Charter School that are for the school operations and not proprietary or fiduciary, such as teachers' salaries, special education and building maintenance, food service, and community education	Activities the College Achieve Paterson Charter School operates similar to private businesses: Internal service fund
Required financial statements	Statement of net position	Balance sheet	Statement of net position
	Statement of activities	Statement of revenue expenditures and changes in fund balances	Statement of revenue, expenses, and changes in fund net position
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Statement of cash flows Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

School-wide Statements

The school-wide statements report information about the College Achieve Paterson Charter School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the College Achieve Paterson Charter School's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two school-wide statements report the College Achieve Paterson Charter School's net position and how they have changed. Net position – the difference between the College Achieve Paterson Charter School's assets and liabilities – are one way to measure the College Achieve Paterson Charter School's financial health or position.

In the school-wide financial statements, the College Achieve Paterson Charter School's activities are shown in two categories:

- *Governmental activities*- Most of the College Achieve Paterson Charter School's basic services are included here, such as regular and special education, transportation, administration, and community education. Property taxes and state aid finance most of these activities.
- *Business-type activities*- This is not applicable to College Achieve Paterson Charter School.

Fund Financial Statements

The fund financial statements provide more detailed information about the College Achieve Paterson Charter School's funds – focusing on its most significant or “major” funds – not the College Achieve Paterson Charter School as a whole.

Funds are accounting devices the College Achieve Paterson Charter School uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

The College Achieve Paterson Charter School uses other funds, established in accordance with the State of New Jersey Uniform Chart, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

The College Achieve Paterson Charter School has three kinds of funds:

- **Governmental funds-** Most of the College Achieve Paterson Charter School's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the College Achieve Paterson Charter School's programs. Because this information does not encompass the additional long-term focus of the school-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- **Proprietary funds-** Services for which the College Achieve Paterson Charter School charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the school-wide statements.
- **Fiduciary funds-** The College Achieve Paterson Charter School is the trustee, or *fiduciary*, for assets that belong to others such as scholarship fund, payroll and payroll agency funds, and student activity funds. The College Achieve Paterson Charter School is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the College Achieve Paterson Charter School's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. I exclude these activities from the College Achieve Paterson Charter School's government-wide financial statements because the College Achieve Paterson Charter School cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COLLEGE ACHIEVE PATERSON CHARTER SCHOOL AS A WHOLE

Net position. The College Achieve Paterson Charter School's net position is \$1,007,382 as of June 30, 2019. (See Table A-1).

Governmental	<u>\$1,007,382</u>
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COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

The College Achieve Paterson Charter School's financial position is the product of these factors:

- Special Revenue Fund - Federal Aid Revenues and Expenditures were \$345,389.
- General Fund Revenues were \$6,949,950.
- General Fund Expenditures were \$6,113,725.

Table A-1
COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Net Position - School Wide
As of June 30, 2019

	<u>Total</u>
Current and Other Assets	\$930,560
Capital Assets (Including Business Activities)	114,038
Total Assets	<u>\$1,044,598</u>
Current and Other Liabilities	37,216
Total Liabilities	<u>37,216</u>
Net Assets:	
Invested In Capital Assets, Net	114,038
Unrestricted Fund Balance	893,344
Total Net Position	<u>\$1,007,382</u>
Fund Balance - June 30, 2019	\$893,344
Invested In Capital Assets, Net	114,038
Net Position before Pension Adjustment	<u>1,007,382</u>
Less: Pension Adjustment	<u>---</u>
Net Position - June 30, 2019	<u><u>\$1,007,382</u></u>

Total Governmental and Business Activities revenues & beginning assets are adjusted by net adjusted expenditures resulting in a calculation of net position of \$1,007,382 as of June 30, 2019.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Table A-2
COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Changes in Net Position - School Wide
For the Fiscal Year Ended June 30, 2019

Revenues	Total
Program revenues	
Charges for services	\$ -
Operating grants and contributions	---
General revenues	
Local Share	607,945
Federal and State Aid-Unrestricted	6,317,969
Federal Aid-Restricted	345,389
Other	24,036
Proprietary	281,321
Increase in Capital Outlay	114,038
Total revenues	\$ 7,690,698
Expenses	
Regular Instruction	(2,804,504)
General Administrative	(2,228,063)
School Administrative	(1,330,158)
On-behalf TPAF Social Security	(96,389)
Capital Outlay	0
Proprietary	(237,374)
Total	(6,696,488)
Increase in net position	994,210
Net Position, Beginning of Year July 1, 2018	13,172
Net Position, End of Year, June 30, 2019	1,007,382
Increase in Fund Balance	\$ 880,172
Decrease in Net Capital Outlay	(20,732)
Net Increase in Net Position	859,440
Net Position - Beginning July 1, 2018	147,942
Net Position - Before Pension Adjustment	1,007,382
Less Pension adjustment net	---
Net Position - End of Year June 30, 2019	\$ 1,007,382

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)**

**Table A-3 (See Exhibit A-2)
COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Total and Net Cost of Services - School Wide
For the Fiscal Year Ended June 30, 2019**

<u>Functions/Programs</u>	<u>Source</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
School Wide			
Instruction			
Regular	B-2	\$ 2,804,504	\$ 2,804,504
Support Services			
General Administrative Services	B-2	2,228,063	2,228,063
School Administrative Services	B-2	1,330,158	1,330,158
On-behalf TPAF Social Security	B-2	96,389	96,389
Capital Outlay	B-2	-	-
Proprietary	G-2	237,374	237,374
Total School Wide Activities		\$ 6,696,488	\$ 6,696,488

FINANCIAL ANALYSIS OF THE COLLEGE ACHIEVE PATERSON CHARTER SCHOOL FUNDS

The financial performance of the College Achieve Paterson Charter School as a whole is reflected in its governmental activities Exhibit A-2. As the College Achieve Paterson Charter School completed the year, its general funds reported a balance of \$849,397.

Revenues for the College Achieve Paterson Charter School's governmental funds were \$7,576,660 while total expenses were \$6,696,488. (Table A-4) (Exhibit B-2)

GENERAL FUND

The General Fund includes the primary operations of the College Achieve Paterson Charter School in providing educational services to students for K-6.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

The following schedule presents a summary of Revenues – School Wide.

Table A-4 (See Exhibit B-2)
COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Changes in Revenues - School Wide
For the Fiscal Year Ended June 30

Governmental Revenues	Year Ended 06/30/2019	Year Ended 06/30/2018	Amount of Increase (Decrease)
Local Sources:			
Local Share	\$ 607,945	\$ 296,933	\$ 311,012
Other Local Revenue	24,036	85,075	\$ (61,039)
Total Local Sources	\$ 631,981	\$ 382,008	\$ 249,973
Intergovernmental			
State Sources	\$ 6,317,969	\$ 3,014,168	\$ 3,303,801
Proprietary	281,321	-	\$ 281,321
Federal Sources	345,389	245,567	\$ 99,822
Total Intergovernmental Sources	6,944,679	3,259,735	\$ 3,684,944
Total Revenue	\$ 7,576,660	\$ 3,641,743	\$ 3,934,917

The following schedule presents a summary of Governmental Expenditures – School Wide.

Table A-5 (See Exhibit B-2)
COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Changes in Expenditures - School Wide
For the Fiscal Year Ended June 30

General Fund Expenditures	Year Ended 06/30/2019	Year Ended 06/30/2018	Amount of Increase (Decrease)
Current:			
Regular Instruction	\$ 2,804,504	\$ 1,594,528	\$ 1,209,976
General Administrative Services	2,228,063	1,004,996	1,223,067
School Administration	1,330,158	771,857	558,301
On-behalf TPAF Social Security	96,389	85,399	10,990
Capital outlay	-	171,791	\$ (171,791)
Proprietary	237,374		237,374
Total Expenditures	\$ 6,696,488	\$ 3,628,571	\$ 3,067,917

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)**

UNRESERVED-UNDESIGNATED FUND BALANCE AS A PERCENTAGE OF EXPENDITURES

The following table shows the General Fund unreserved-undesignated fund balance.

**Table A-6
COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Fund Balance - School Wide
For the Fiscal Year Ended June 30**

General Fund	<u>2019</u>	<u>2018</u>
Unreserved-Undesignated Fund Balance	\$893,344	\$13,172
Expenditures	\$6,696,488	\$3,628,871
Percentages	13.3%	.4%

The College Achieve Paterson Charter School values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during the school year. The fund balance designated to support the subsequent years budget is \$893,344 for the 2019-20 school year.

FACTORS BEARING ON THE SCHOOL'S FUTURE

While many factors influence the Charter School's future, the availability of State funding and the economy will have the most impact on educational and fiscal decisions in the future.

These and many other factors were considered by the Charter School's administration during the process of developing the fiscal year 2019-20 budget. The primary factors were the Charter School's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs. These indicators were considered when adopting the budget for fiscal year 2019-2020.

**CONTACTING THE COLLEGE ACHIEVE PATERSON CHARTER SCHOOL'S
FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the College Achieve Paterson Charter School's finances and to demonstrate the College Achieve Paterson Charter School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, College Achieve Paterson Charter School, 21 Market Street, Paterson, NJ 07501.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the College Achieve Paterson Charter School's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2019.

SCHOOL-WIDE FINANCIAL STATEMENTS

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Net Position
As of June 30, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 653,079	\$ 14,508	\$ 667,587
Accounts Receivable	137,225	106,751	243,976
Prepaid Expenses	18,997		18,997
InterFund	77,312	(77,312)	0
Capital assets, net	114,038	-	114,038
Total Assets	<u>1,000,651</u>	<u>43,947</u>	<u>1,044,598</u>
Deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	<u>\$ 1,000,651</u>	<u>\$ 43,947</u>	<u>\$ 1,044,598</u>
LIABILITIES			
Accounts payable	\$ 17,022	\$ -	\$ 17,022
Payable to school districts	20,194		20,194
Total liabilities	<u>37,216</u>	<u>-</u>	<u>37,216</u>
Deferred inflows of resources	-	-	-
NET POSITION			
Invested in capital assets, net	114,038	-	114,038
Unrestricted	849,397	43,947	893,344
Total net position	<u>\$ 963,435</u>	<u>\$ 43,947</u>	<u>\$ 1,007,382</u>

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

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Activities
For the Fiscal Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ (2,804,504)		\$ (345,389)		\$ (2,459,115)	\$ (2,459,115)	
Support services:							
General administratiron	(2,228,063)		-		(2,228,063)	(2,228,063)	
School administrative services/ operations plant serv.	(1,330,158)				(1,330,158)	(1,330,158)	
On - behalf TPAF Social Security	(96,389)				(96,389)	(96,389)	
Capital Outlay					-	-	
Total governmental activities	(6,459,114)		(345,389)		(6,113,725)	(6,113,725)	
Business-type activities:	(237,374)				(237,374)	(237,374)	
Total business-type activities	(237,374)	-			(237,374)	(237,374)	
Total primary government	# \$ (6,696,488)	\$ 0	\$ (345,389)		\$ (6,113,725)	\$ (237,374)	\$ (6,351,099)
General revenues:							
Local Share				607,945		607,945	
State Share				5,768,606	3,507	5,768,606	
State and Federal Aid				549,363	277,814	827,177	
Miscellaneous Income				24,036		24,036	
Decrease in capital assets				(20,732)		(20,732)	
Total General Revenues, Special Items, Extraordinary				6,929,218	281,321	7,207,032	
Change in Net Position				815,493	43,947	859,440	
Net Position - July 1, 2018				147,942	0	147,942	
Net Position - June 30, 2019				\$ 963,435	\$ 43,947	\$ 1,007,382	

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

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Balance Sheet
Governmental Funds
As of June 30, 2019

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 653,079	\$ -	\$ 653,079
Accounts Receivable	20,836	116,389	137,225
Interfund	193,701	\$ (116,389)	77,312
Prepaid Expenses	18,997	-	18,997
Total assets	\$ 886,613	\$ -	\$ 886,613
ACCOUNTS LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 17,022	-	\$ 17,022
Payable to School Districts	20,194		20,194
Total liabilities	37,216	-	37,216
Fund Balances:			
Unreserved, reported in:			
General fund	849,397		849,397
Total Fund balances	849,397		849,397
Total liabilities and fund balances	\$ 886,613	-	

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. The cost of the assets is and the accumulated depreciation		145,136	
		(31,098)	
Net position before pension adjustments			114,038
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore, are not reported in the fund statements. (See Note 5)			963,435
Deferred Inflows related to pension actuarial gains from experience and differences in actual returns and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 5)			-
Long-term liabilities, including net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 5)			-
Net position of governmental activities			\$ 963,435

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

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Local Sources:			
Local Share	\$ 607,945		\$ 607,945
State Share	5,768,606		5,768,606
Miscellaneous	24,036	-	24,036
Total - Local Sources	6,400,587		6,400,587
State Sources	549,363	-	549,363
Federal Sources		345,389	345,389
Total Revenues	6,949,950	345,389	7,295,339
EXPENDITURES			
Current:			
Regular instruction	\$ 2,459,115	\$ 345,389	\$ 2,804,504
Support services- General Administrative	2,228,063	-	2,228,063
Support Services- School Admin/ operations plant serv	1,330,158		1,330,158
On-behalf TPAF Social Security	96,389		96,389
Capital outlay	-		-
Total Expenditures	6,113,725	345,389	6,459,114
Excess (Deficiency) of revenues over expenditures	836,225		836,225
OTHER FINANCING SOURCES (USES)			
Transfers in	-		-
Transfers out	-		-
Total other financing sources and uses	-		-
Net change in fund balances	836,225		836,225
Fund balance - July 1, 2018	13,172		13,172
Fund balance - June 30, 2019	\$ 849,397		\$ 849,397

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

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2019**

Total net change in fund balances - governmental funds (from B-2) \$ 836,225

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 capital outlays exceeded depreciation in the period.

	\$	(17,926)	
Depreciation expense		145,136	
Capital outlays		145,136	
	\$		127,210

Pension contributions are reported in governmental funds as expenditures; however, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.

Change in net position of governmental activities \$ 963,435

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

PROPRIETARY FUNDS

Exhibit B-4

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
 Statement of Net Position
 Proprietary Fund
 As of June 30, 2019

	Proprietary Fund Business-Type Activities Enterprise
ASSETS	
Current Assets	
Cash	\$14,508
Intergovernmental Receivable	
Other	88,410
Federal	18,113
State	228
Total Current Assets	<u>121,259</u>
Total Assets	<u><u>\$121,259</u></u>
LIABILITIES	
Total Current Liabilities	<u>77,312</u>
Net Position	
Unrestricted	43,947
Invested in capital assets - net	
Total Net Position	<u><u>\$121,259</u></u>

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

Exhibit B-5

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2019

	Proprietary Fund Business-Type Activities <u>Enterprise</u>
OPERATING REVENUES	
Local Sources	
Daily Sales - Reimbursable Programs	
Self Pay Revenue	
Total Operating Revenues	<u> -</u>
OPERATING EXPENSES	
Supplies, Materials & Other	(\$237,374)
Total Operating Expenses	<u> (237,374)</u>
Income (Loss) From Operations	<u> (237,374)</u>
Nonoperating Revenues	
State Sources	
State Sources	3,507
Federal Sources	
National Snack	
School Breakfast Program	63,283
National School Lunch Program	<u>214,531</u>
Total Nonoperating Revenues	<u>281,321</u>
Net Income	43,947
Total Net Position - July 1, 2018	<u> 0</u>
Total Net Position - June 30, 2019	<u> \$43,947</u>

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

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statements of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2019

	Proprietary Fund Business-Type Activities
Cash flows from operating activities	
Cash Payments supplies, material and other	(160,062)
Net Cash (Used) by Operating Activities	(160,062)
 Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	174,570
Net Cash Provided by Noncapital Financing Activities	174,570
 Cash Flows from Investing Activities	
Net Cash Provided by Investing Activities	
Net Increase in Cash and Cash Equivalents	14,508
Cash and Cash Equivalents, Beginning of Year	0
Cash and Cash Equivalents, End of Year	\$14,508
 Reconciliation of Operating Income to Net Cash	
Used by Operating Activities	
Operating Income	\$43,947
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities	(106,751)
(Increase) Decrease in Accounts Receivable	
Change in Assets and Liabilities	77,312
Total Adjustment	(29,439)
 Net Cash Provided by Operating Activities	\$14,508

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

FIDUCIARY FUNDS

Exhibit B-7

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2019**

NOT APPLICABLE

Exhibit B-8

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2019**

NOT APPLICABLE

NOTES TO THE BASIC FINANCIAL STATEMENTS

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

1. DESCRIPTION OF THE CHARTER SCHOOL AND REPORTING ENTITY

College Achieve Paterson Charter School Charter School ("Charter School") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board of Trustees (the "Board") consists of appointed officials and are responsible for the fiscal control of the Charter School. A director is appointed by the Board and is the administrative control of the Charter School.

A reporting entity is comprised primary government, component units and other organizations that are included to insure that the financial statements of the Charter School are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Charter School. For the Charter School, this includes general operations, food service and student related activities for the Charter School.

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

INITIAL YEAR -

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Charter School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Charter School also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do no conflict with or contradict GASB pronouncements. The most significant of the Charter School's accounting policies are described below.

A. Basis of Presentation

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

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide Statements

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

The statement of net position presents the financial condition of the governmental 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 activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Charter School, with certain limited expectations. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Charter School.

GASB Pronouncements

Recently Issued Accounting Principles

The GASB issued Statement No. 84, *Fiduciary Activities in January 2017*. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018. Management has not yet determined the impact of this statement on the financial statements. **The GASB issued Statement No. 87, *Leases in June 2017*.** This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019. Management has not yet determined the impact of this statement on the financial statements.

The GASB issued Statement No. 88, *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placements in April 2018. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments. The requirements of this Statement are effective for periods beginning after June 15, 2018. Management has adopted this statement in the 2019 fiscal year and it was determined that it did not have an impact on its financial statements or disclosures.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

During the fiscal year, 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 this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

The Charter School uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Charter School's major governmental funds:

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

As required by the New Jersey State 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.

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

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 of the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Proprietary Funds

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

Enterprise Fund - The Enterprise Fund is utilized to account for operations that were financed and operated in a manner similar to private business enterprises - where the intent of the Charter School is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing education 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 appropriate 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 position) is segregated into invested in capital assets net of related debt and unrestricted net position, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Depreciation of fixed assets used by proprietary funds is charged as an expense against their operations.

Fiduciary Funds

Trust and Agency Funds - The 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.

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 involve measurement of results of operations. Agency Funds include payroll and student activities funds.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Charter School are included on the Statement of Net Position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental funds types, expendable trust funds and agency funds. 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 within 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. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Charter School receives a portion of the local tax levy and state aid from school districts based upon the number of enrolled students. The State Department of Education in conjunction with the local Charter School revises the amounts to be received by the Charter School three times a year based upon the enrollment counts on June 1, October 15, and the last day of the school year. The local tax levy and state aid are susceptible to accrual. The Charter School records the entire anticipated local tax levy to be received at the start of the fiscal year based upon the June 1 enrollment count and certification from the New Jersey State Department of Education, since the revenue is both measurable and available. The Charter School is entitled to receive monies under the established payment schedule, which is revised after each enrollment count date, and the unpaid amount is considered to be an "accounts receivable".

At June 30, 2019, the Charter School will have an accounts receivable or accounts payable based upon the current year final enrollment count.

In its accounting and final reporting, the Charter School follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The Charter School's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of P.L. 2004 c73 (S 1701).

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 accounting principles generally accepted in the United States of America (GAAP) with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Exhibit C-3 represents a reconciliation of the General Fund revenues and Special Revenue Fund revenues and expenditures from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in Exhibit B-2.

F. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the Charter School has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end. There were \$0 of encumbrances at June 30, 2019

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

G. Cash, Cash Equivalents and Investments

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

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

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act.

Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

H. Inventories and Prepaid Expenses

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

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

I. Short-Term Interfund Receivables/Payables

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

J. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The Charter School maintains a capitalization threshold of \$2,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description of Capital Cost</u>	<u>Estimated Lives (Years)</u>
Furniture and Equipment	7

K. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Charter School and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire sick leave and vacation liabilities are reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. The Charter School had a compensated absence liability of \$0 at June 30, 2019.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities those, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, the noncurrent portion of compensated absences and mortgage payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

M. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Charter School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

N. Unearned/Deferred Revenue

Unearned/Deferred revenue in the special revenue fund represents cash that has been received but not yet earned.

O. Fund Equity

Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

P. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Charter School's deposits might not be recovered. Although the Charter School does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Charter School in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the Charter School relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. As of June 30, 2019, none of the Charter School's bank balances were exposed to custodial risk and were covered by the FDIC.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Investments

Mutual Funds, bonds or other obligations of the Charter School or bonds or other obligations of the local unit or units within which the Charter School is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2019, the Charter School had no investments.

4. RELATED PARTY TRANSACTIONS

Operating Leases

On June 1, 2017, the Charter School entered into a sublease agreement with College Achieve Public Charter Schools, Inc. in effect for school facilities in Paterson, New Jersey. Under these agreements, the Charter School was required to pay \$45,833 per month rent, commencing September 1, 2018. This amounts to 10% above the amount paid by the sublandlord to the landlord. Rental payments under this sublease for the fiscal year ended June 30, 2019 were \$550,000. In addition, the sublandlord waived the requirement for a security deposit.

Management Agreement

In June 2017, the Charter School entered into an educational management agreement with College Achieve Public Schools, Inc., (CAPS) to manage the operation of the school for the period July 1, 2017 to June 30, 2018 (Initial Term) 2 years. The agreement can be extended for 5 additional terms of two years. During its term the Charter School will pay a service fee equal to a percent of the Charter's School revenues during the contract term.

5 PENISON PLANS

Description of Plans - Substantially all of the employees of the School are covered by either the Public Employee's Retirement System or the Teacher's Pension and Annuity Fund (both of which are contributory defined benefits plans). Both were 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 Public Employees Retirements System and the Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

5 PENISON PLANS (continued)

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirements health care to substantially all full time certified teachers or professional staff of the public school systems in the State.

The Teachers' 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 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.

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, 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, 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.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A 43:15a and 43:03B 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. Retirements 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 TPAF and PERS 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.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

5 PENSION PLANS (continued)

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.

Significant Legislation - Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Pension Plan Design Changes - Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes - Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PERS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Contribution Requirements

The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

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 adjustments, non-contributory death benefits, and post-retirement medical premiums. Under current statute the School is a non-contributing employer of TPAF (i.e., the State of New Jersey makes the employer contribution on behalf of public school districts and Schools).

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

5 PENISON PLANS (continued)

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the School.

PERS employer contributions are made annually by the School to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

The School's contribution to PERS for the year ended June 30, 2017 was \$0.

In accordance with N.J.S.A 18A:66-66 the School recorded as revenue \$96,389 for the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. Also the State paid \$0 into the TPAF pension representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium Contributions for the School. These amounts have been included in the school wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

6 PENSION PLANS – GASB 68 DISCLOSURES

Teachers' Pension and Annuity Fund (TPAF)

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

The employer contributions for the Charter School are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the Charter School (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
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6 PENSION PLANS – GASB 68 DISCLOSURES (continued)

employer contributing entity. Since the Charter School (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Charter School. However, the state's portion of the net pension liability that was associated with the Charter School was \$0 as measured on June 30, 2018 and \$0 as measured on June 30, 2017.

For the year ended June 30, 2019, the Charter School recognized pension expense of \$0 and revenue of \$0 for support provided by the State. The measurement period for the pension expense and revenue reported in the Charter School's financial statements (A-2) at June 30, 2019 is based upon changes in the collective net pension liability with a measurement period of June 30, 2017 through June 30, 2018. Accordingly, the pension expense and the related revenue associated with the support provided by the State are based upon the changes in the collective net pension liability between July 1, 2017 and June 30, 2018.

Although the Charter School does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the Charter School. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>6/30/2018</u>	<u>6/30/2017</u>
Collective deferred outflows of resources	\$12,599,296,329	\$14,251,854,934
Collective deferred inflows of resources	\$16,171,861,734	\$11,807,238,433
Collective net pension liability (Nonemployer-State of New Jersey)	\$63,617,852,031	\$67,423,605,859
State's portion of the net pension liability that was associated with the Charter School	0	0
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	0	0

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate:	2.25%
Salary Increases: 2011-2026:	1.55 – 4.55%
Thereafter	2.00 – 5.45%
Investment Rate of Return:	7.00%

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
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6 PENSION PLANS – GASB 68 DISCLOSURES (continued)

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-

estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

6 PENSION PLANS – GASB 68 DISCLOSURES (continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year.

The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the State as of June 30, 2018 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

At 1% decrease (3.86%)	At current discount rate (4.86%)	At 1% increase (5.86%)
\$75,417,894,537	63,806,350,446	54,180,663,328

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

Public Employees' Retirement System (PERS)

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
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6 PENSION PLANS – GASB 68 DISCLOSURES (continued)

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

For the year ended June 30, 2019, the Charter School recognized pension expense of \$0 and revenue of \$0 for support provided by the State. The measurement period for the pension expense and revenue reported in the Charter School's financial statements (A-2) at June 30, 2019 is based upon changes in the collective net pension liability with a measurement period of June 30, 2017 through June 30, 2018. Accordingly, the pension expense and the related revenue associated with the support provided by the State are based upon the changes in the collective net pension liability between July 1, 2017 and June 30, 2018.

For the year ended June 30, 2019, the Charter School recognized pension expense of \$0. At June 30, 2019, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Changes of assumptions	\$-0-	\$-0-
Net difference between projected and actual earnings on pension plan investments	-0-	-0-
Changes in proportion and differences between Charter School contributions and proportionate share of contributions	-0-	-0-
Charter School contributions subsequent to the measurement date.	-0-	-0-
Total	\$-0-	\$-0-

A total of \$0 is reported as deferred outflows of resources related to pensions resulting from school Charter School contributions subsequent to the measurement date (i.e. for the school year ended June 30, 2019, the plan measurement date was June 30, 2017) will be recognized as a reduction of the net pension liability measured as of June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

6 PENSION PLANS – GASB 68 DISCLOSURES (continued)

	Year Ended June 30:	6/30/18	6/30/17
2019	\$0		
2020	0		
2021	0		
2022	0		
2023	0		
Total:	\$0		
Collective deferred outflows of resources		\$6,295,655,568	\$6,424,455,842
Collective deferred inflows of resources		\$6,581,869,368	\$5,700,625,891
Collective net pension liability (Non State- Local Group)		\$19,689,501,539	\$23,278,401,588
Charter schools proportion of net pension liability		0	0
Charter School proportion percentage		0	0

Collective Net Pension Liability

Component of Net Pension Liability

The components of the collective net pension liability of the participating employers as of June 30, 2018 were as follows:

	State	Local	Total
Total pension liability	\$30,434,600,657	\$42,431,573,511	\$72,866,174,168
Plan fiduciary net position	<u>6,730,302,564</u>	<u>22,742,071,972</u>	<u>29,472,374,536</u>
Net pension liability	<u>\$23,704,298,093</u>	<u>\$19,689,501,539</u>	<u>\$43,393,799,632</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
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6 PENSION PLANS – GASB 68 DISCLOSURES (continued)

Inflation	2.25%
Salary Increases:	
Through 2026	1.65 - 4.15% based on age
Thereafter	2.65 - 5.15% based on age
Investment Rate of Return:	7.00%

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 - 2013 using a Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

6 PENSION PLANS – GASB 68 DISCLOSURES (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2017 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions.

Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

6 PENSION PLANS – GASB 68 DISCLOSURES (continued)

	<u>At 1% decrease (4.66%)</u>	<u>At current discount rate (5.66%)</u>	<u>At 1% increase (6.66%)</u>
State	\$27,413,044,035	\$23,704,298,093	\$20,597,322,253
Local	24,757,279,564	19,689,501,539	15,437,959,879
Total	<u>\$52,170,323,599</u>	<u>\$43,393,799,632</u>	<u>\$36,035,282,132</u>

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

The following presents the Charter School’s proportionate share of the net pension liability measured as of June 30, 2017 and 2016, respectively, calculated using the discount rate of 5% and 3.98%, respectively, as well as what the Charter School’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>2018</u>		
	<u>1% Decrease (4.66%)</u>	<u>Current Discount Rate (5.66%)</u>	<u>1% Increase (6.66%)</u>
Charter School’s proportionate share of the net pension liability	\$0	\$0	\$0
	<u>2017</u>		
	<u>1% Decrease (4%)</u>	<u>Current Discount Rate (5%)</u>	<u>1% Increase (6%)</u>
Charter School’s proportionate share of the net pension liability	\$0	\$0	\$0

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

7 POST RETIREMENT BENEFITS

State Health Benefit Program Fund - Local Education Retired (including Prescription Drug Program Fund)

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.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

7 POST RETIREMENT BENEFITS (continued)

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

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2011 - June 30, 2014, and July 1, 2010 - June 30, 2013 for TPAF, PERS and PFRS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

(a) Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

(b) Discount rate

The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

7 POST RETIREMENT BENEFITS (continued)

(c) Sensitivity of Total Nonemployer OPEB Liability to changes in the discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2018, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1 -percentage point higher than the current rate:

June 30, 2018		
At 1% decrease (2.87%)	At current rate (3.87%)	At 1% increase (4.87%)
\$54,512,391,175	\$46,110,332,982	\$39,432,461,816

(d) Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2018 calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1 -percentage point lower or 1 -percentage point higher than the current rate:

June 30, 2018		
1% decrease	Healthcare cost trend rate	1% increase
\$38,113,289,045	\$46,110,832,982	\$56,687,891,003

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

7 POST RETIREMENT BENEFITS (continued)

	June 30, 2018		
	At 1%	At	At 1%
	Decrease	Discount Rate	Increase
	(2.58%)	(3.58%)	(4.58%)
Total OPEB Liability Attributable to the Charter School	\$0	\$0	\$0

	June 30, 2017		
	At 1%	At	At 1%
	Decrease	Discount Rate	Increase
	(1.58%)	(2.85%)	(3.85%)
Total OPEB Liability Attributable to the Charter School	\$0	\$0	\$0

	June 30, 2018		
	1%	Healthcare	1%
	Decrease	Cost Trend Rate	Increase
	(1.58%)	(2.85%)	(3.85%)
Total OPEB Liability Attributable to the Charter School	\$0	\$0	\$0

	June 30, 2017		
	1%	Healthcare	1%
	Decrease	Cost Trend Rate	Increase
	(1.58%)	(2.85%)	(3.85%)
Total OPEB Liability Attributable to the Charter School	\$0	\$0	\$0

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

For the fiscal year ended June 30, 2019 the Charter School recognized OPEB expense of \$0 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

7 POST RETIREMENT BENEFITS (continued)

In accordance with GASB Statement 75, as the Charter School's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2018 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption Changes		(\$4,476,086,187)
Contributions Made in Fiscal Year Ending 2018 After June 30, 2018 Measurement Date	\$0	(\$10,335,978,867)
	\$0	(\$14,812,065,054)

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

Fiscal Year Ending June 30,	Total
2019	(\$1,825,218,593)
2020	(1,825,218,593)
2021	(1,825,218,593)
2022	(1,825,218,593)
2023	(1,825,218,593)
Thereafter	(5,685,972,069)
	(\$14,812,065,034)

8. 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 attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Charter School employees are granted varying amounts of vacation and sick leave in accordance with the Charter School's personnel policy.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

8. COMPENSATED ABSENCES (continued)

Upon termination or upon retirement, employees are currently not paid for accrued vacation or unused sick and personal days. The Board of the Charter School is currently reviewing the exiting compensated absences policies with the intent of addressing the issues of accumulation and payments upon termination.

As of June 30, 2019, Charter School-wide compensated absences amounted to \$-0-.

9. ECONOMIC DEPENDENCY

The Charter School receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if it were to occur, could have an effect on the Charter School's programs and activities.

10. CONTINGENT LIABILITIES

The Charter School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government.

If expenditures are disallowed due to noncompliance with grant program regulations, the Charter School may be required to reimburse the grantor government. As of June 30, 2019, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Charter School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Charter School.

The Charter School's attorney's letter advises that there is no litigation, pending litigation claims, contingent liabilities, unasserted claims for assessments or statutory violations which involved the Charter School and which might materially affect the Charter School's financial position.

11. RISK MANAGEMENT

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

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

New Jersey Unemployment Compensation - The Charter School has not elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Charter School would be required to reimburse the New Jersey Unemployment Trust Fund For benefits paid to its former employees and charged to its account with the State. Under that method, the Charter School is billed quarterly for amounts due to the State.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

12. RECEIVABLES

Receivables as of June 30, 2019 consisted of accounts, intergovernmental, grants and miscellaneous. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise Fund</u>	<u>Total</u>
Receivables:				
Accounts	<u>\$20,836</u>	<u>\$116,389</u>	<u>\$106,751</u>	<u>\$243,976</u>
Gross Receivables	<u>\$20,836</u>	<u>\$116,389</u>	<u>\$106,751</u>	<u>\$243,976</u>

13. CAPITAL ASSETS

The school has Capital Assets recorded; such as furniture, fixtures and equipment and are summarized as follows:

Furniture, fixtures and equipment	\$145,136
Less accumulated depreciation	<u>(31,098)</u>
Total	<u><u>\$114,038</u></u>

Depreciation expense of \$31,098 was charged to an unallocated function.

14. SUBSEQUENT EVENTS

The school has evaluated subsequent events occurring in the Independent Auditors Report of November 21, 2019, which is the date the financial statements were available to be issued. Based on this evaluation, the school has determined no subsequent events require disclosure in the financial statements.

15. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet (B-1) and the Government-wide Statement of Net Position (A-1).

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the Government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including deferred pension liability are not due and payable in the current period and therefore are not reported in the funds.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

15. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(continued)

Explanation of Certain Differences Between the Governmental Fund Balance Sheet (B-1) and the Government-wide Statement of Net Position (A-1). (continued)

The reconciliation is as follows:

Fund balance per B-1	\$ 893,344
Cost of capital assets net accumulated depreciation	114,638
Pension deferred outflows	-0-
Pension deferred inflows	-0-
Deferred pension liability as of June 30, 2019	-0-
Net position (per A-1) as of June 30, 2019	<u>\$1,007,982</u>

16. TERM LOAN – WORKING CAPITAL

The following represents short-term debt activity for the Fiscal Year ended June 30, 2019:

	<u>Balance</u> <u>07/01/19</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
Community Loan Fund of NJ, Inc.	\$ <u> -</u>	<u>(\$493,426)</u>	<u>(\$493,426)</u>	\$ <u> -</u>

Community Loan Fund of NJ, Inc., is a third party lender. The purpose of this short-term obligation was for cash flow for operations. The total amount of the loan was \$500,000, due June 30, 2019. The loan was fully repaid at June 30, 2019. Fixed interest rate of 7%, collateralized by a first priority security interest under the UCC in all of the school's assets, interest paid was \$29,263 for year ending June 30, 2019.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Fiscal 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>
REVENUES:					
Local Sources:					
Local Share	\$ -	\$ -	\$ -	\$ 607,945	\$ (607,945)
State Share	5,665,510	0	5,665,510	5,768,606	(103,096)
Other Restricted Miscellaneous Revenues					
Miscellaneous	-	-	0	24,036	(24,036)
Total - Local Sources	<u>5,665,510</u>	<u>-</u>	<u>5,665,510</u>	<u>6,400,587</u>	<u>(735,077)</u>
Special Education	268,708	(59,537)	209,171	209,171	-
Security Aid	182,980	60,823	243,803	243,803	-
TPAF Medical (On-Behalf - Non-Budgeted)					
TPAF Pension (On-Behalf - Non-Budgeted)	-		-	-	
TPAF Social Security (Reimbursed - Non-Budgeted)				96,389	(96,389)
Total State Sources	<u>451,688</u>	<u>1,286</u>	<u>452,974</u>	<u>549,363</u>	<u>(96,389)</u>
Federal Sources:					
Total - Federal Sources					
Total Revenues	<u>6,117,198</u>	<u>1,286</u>	<u>6,118,484</u>	<u>6,949,950</u>	<u>(831,466)</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Teachers Salary	1,675,720	92,180	1,767,900	1,767,900	\$ -
Other Salaries	85,000	(62,916)	22,084	22,084	-
Prof/Tech Services	435,021	(134,984)	300,037	300,037	-
Other Purchased Services (400-500 series)	175,850	(19,864)	155,986	155,986	-
General Supplies	98,000	(53,141)	44,859	44,859	-
Textbooks	133,750	13,238	146,988	146,988	-
Other Objects	-	21,261	21,261	21,261	-
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>2,603,341</u>	<u>(144,226)</u>	<u>2,459,115</u>	<u>2,459,115</u>	<u>-</u>

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services - General Administrative					
Salaries of Administrative Salaries	300,760	41,578	342,338	342,338	-
Salaries of Secretarial and Clerical Assistants	90,640	11,059	101,699	101,699	-
Cost of Benefits	838,683	(387,383)	451,300	451,300	-
Consultants	127,000	94,877	221,877	186,415	35,462
Other Purchased Services (400-500 series)	777,649	386,914	1,164,563	1,102,390	62,173
Communications/Telephone	60,000	(44,393)	15,607	15,607	-
Supplies and Materials	21,500	(631)	20,869	20,869	-
Other Objects	5,000	2,445	7,445	7,445	-
	<u>2,221,232</u>	<u>104,466</u>	<u>2,325,698</u>	<u>2,228,063</u>	<u>97,635</u>
Support Services - School Admin/Operation Plant Services					
Salaries	204,303	(44,235)	160,068	160,068	-
Purchased Professional and Technical Services	145,000	14,766	159,766	159,766	-
Other Purchased Services	107,360	128,792	236,152	233,925	2,227
Rental of Land and Building- other than Lease Purchase Agreements	625,004	(18,029)	606,975	606,975	-
Insurance	99,660	(52,359)	47,301	47,301	-
General Supplies	16,298	1,127	17,425	17,425	-
Transportation- Trips	10,000	6,635	16,635	16,635	-
Energy (Energy and Electricity)	85,000	(5,317)	79,683	79,683	-
Other Objects	-	8,380	8,380	8,380	-
Total Undist. Expend. - Other Oper. & Maint. Of Plant	<u>1,292,625</u>	<u>39,760</u>	<u>1,332,385</u>	<u>1,330,158</u>	<u>2,227</u>
Food Service and After Care Program					
Other Purchased Services	-	-	-	-	-
Total Food Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
On-behalf TPAF Medical Contributions (non-budgeted)					
On-behalf TPAF pension Contributions (non-budgeted)					
Reimbursed TPAF Social Security Contributions (non-budgeted)				96,389	(96,389)
TOTAL ON-BEHALF CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,389</u>	<u>(96,389)</u>
TOTAL UNDISTRIBUTED EXPENDITURES					
	3,513,857	144,226	3,658,083	3,654,610	3,473
TOTAL GENERAL CURRENT EXPENSE	<u>6,117,198</u>	<u>-</u>	<u>6,117,198</u>	<u>6,113,725</u>	<u>3,473</u>

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction:					
Non-Instructional Equipment	-	-	-	-	-
Instructional Equipment	-	-	-	-	-
Interest Expense- - Current Loans	-	-	-	-	-
Interest Expense- Mortgages	-	-	-	-	-
Building Improvements	-	-	-	-	-
Lease paymernts	-	-	-	-	-
Total Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES- GENERAL FUND	6,117,198	-	6,117,198	6,113,725	3,473
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>836,225</u>	<u>(834,939)</u>
Other Financing Sources:					
Operating Transfer In:	-	-	-	-	-
Total Other Financing Sources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>836,225</u>	<u>(834,939)</u>
Fund Balance, July 1, 2018	-	-	13,172	13,172	
Fund Balance, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,172</u>	<u>\$ 849,397</u>	<u>\$ (834,939)</u>

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2019

Exhibit C-2
Page 1

	<u>Budget</u>	<u>Transfers</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources					
State Sources	-			-	
Federal Sources	345,389		245,657	245,657	
Total Revenues	<u>345,389</u>		<u>245,657</u>	<u>245,657</u>	
EXPENDITURES:					
Instruction					
Salaries of Teachers	175,000		110,000	110,000	
Other Salaries for Instruction	-		-	-	
Purchased Professional -Educational Services	-		-	-	
Purchased Professional and Technical Services	-		-	-	
Food Service Subsidy	-		-	-	
Other Purchased Services (400-500 series)	46,745		46,745	46,745	
Textbooks	-		-	-	
General Supplies	58,022		58,022	58,022	
Personal Services- Employee Benefits	30,800		30,800	30,800	
Instructional services	-		-	-	
Equipment- instructional	-		-	-	
Equipment- Non-instructional	-		-	-	
Total Instruction	<u>310,567</u>	<u>-</u>	<u>245,567</u>	<u>245,567</u>	
Support Services					
Salaries of Supervisor of Instruction	-		-	-	
Salaries of Program Directors					
Salaries of Other Professional Staff	-		-	-	
Salaries of Secretaries & Clerical Assistants					
Other Salaries					
Personal Services - Employee Benefits	-		-	-	
Purchased Professional - Educational Services	-		-	-	
Other Purchased Professional Services					
Supplies	-		-	-	
Field Trips					
Scholarships					
Tuition					
Travel					
Other purchased Services (400-500 series)	-		-	-	
Building Improvements					
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal 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>
Buildings Improvements					
Instructional Equipment					
Noninstructional Equipment					
Total Facilities Acquisition and Construction Services					
Transfer to Charter School					
Total Expenditures	310,567		310,567	310,567	
Other Financing Sources (Uses)					
Transfer in from General Fund					
Transfer Out to Whole School Reform (General Fund)					
Total Other Financing Sources (Uses)					
Total Outflows					
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)					

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION**

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI**

For the Fiscal Year Ended June 30, 2019

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

The general fund budget and the special revenue budget basis are GAAP, therefore no reconciliation is required

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS - PERS
FOR THE FISCAL YEAR ENDED JUNE 30*
(UNAUDITED)**

Public Employees' Retirement System (PERS)

	<u>2018</u>	<u>2017</u>
Charter School Proportion of the net pension liability (asset)	N/A	N/A
Charter School Proportionate share of the net pension liability (asset)	N/A	N/A
Charter School Covered employee payroll	N/A	N/A
Charter School Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	N/A

*Until a full ten year trend is compiled, information will be presented for those years for which the information is available.

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS - PERS
FOR THE FISCAL YEAR ENDED JUNE 30*
(UNAUDITED)**

Public Employees' Retirement System (PERS)

	<u>2018</u>	<u>2017</u>
Contractually required contribution	N/A	N/A
Contributions in relation to the contractually required contribution	N/A	N/A
Contribution deficiency (excess)	N/A	N/A
Charter School Covered employee payroll	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A

*Until a full ten year trend is compiled, information will be presented for those years for which the information is available.

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
 SCHEDULE OF THE CHARTER SCHOOL PROPORTIONATE SHARE
 OF NET PENSION LIABILITY - TPAF
 FOR THE FISCAL YEAR ENDED JUNE 30
 (UNAUDITED)**

Teachers' Pension and Annuity Fund (TPAF)

	<u>2018</u>	<u>2017</u>
Charter School Proportion of the net pension liability (asset)**	N/A	N/A
Charter School Proportionate share of the net pension liability (asset)**	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the Charter School	N/A	N/A
Total	N/A	N/A
Charter School Covered employee payroll	N/A	N/A
Charter School Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	N/A

**NOTE: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible (employer) for contributions to the plan. Since the charter school does not contribute directly to liability to report in the financial the plan there is no net pension statements of the charter school.

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PENSION SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Public Employees' Retirement System (PERS)

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

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

Teachers' Pension and Annuity Fund (TPAF)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested 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 members' accounts.

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS
STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (TPAF AND PERS)
(UNAUDITED)
Fiscal Years*

	<u>2019</u>	<u>2018</u>
<u>The State of New Jersey's Total OPEB Liability</u>		
Service Cost	\$1,984,642,729	\$2,391,878,884
Interest	1,970,236,232	1,699,441,736
Change in Benefit Terms		
Difference Between Expected and Actual Experience	(5,002,065,740)	
Benefit Payment	(1,232,987,247)	(1,242,412,566)
Contributions from Members	42,614,005	45,748,749
Changes of Assumptions or other inputs	(5,291,448,855)	(7,086,599,129)
Net change in total OPEB liability	<u>(\$7,529,008,876)</u>	<u>(\$4,191,942,326)</u>
Total OPEB Liability - Beginning	\$53,639,841,858	\$57,831,784,184
Total OPEB Liability - Ending	<u>\$46,110,832,982</u>	<u>53,639,841,858</u>
The State of New Jersey's total OPEB liability**	\$46,110,832,982	\$53,639,841,858
The State of New Jersey's OPEB liability attributable to the Charter School	\$820,581	\$0
The Charter School's proportionate share of the total OPEB liability	0	0
Charter School's covered employee payroll	\$3,150,713	\$1,844,981
Total Charter School's OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%
Charter School's contribution	None	None
State's covered employee payroll	\$13,640,275,833	\$13,493,400,208
Total State's OPEB liability as a percentage of its covered-employee payroll	338.05%	397.53%

**Note: Other Post Employment Benefits (OPEB) for employees of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees Retirement System (PERS) is considered a special funding situation as defined by GASB Statement No. 75 in which the State of New Jersey is 100% responsible for contributions to the health insurance plan. The district (employer) does not contribute to the plan and the district's OPEB liability is zero.

***Based on payroll on the June 30, 2016 and June 30, 2017 census data

*Until a full ten year trend is compiled, information will be presented for those years for which information is available.

SPECIAL REVENUE FUND

Special Revenue Funds are used to account for the proceeds of special revenue resources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Revenues and Expenditures- Budgetary Basis
For the Fiscal Year Ended June 30, 2019

	TOTAL	TITLE I	IDEA	IDEA PRESCHOOL
REVENUES				
Intergovernmental				
State				
Federal	\$345,389	\$289,094	\$54,886	\$1,409
Other Sources				
Miscellaneous				
Total Revenues	<u>345,389</u>	<u>289,094</u>	<u>54,886</u>	<u>1,409</u>
EXPENDITURES				
Instruction				
Salaries	175,000	175,000		
Salaries -Other Instruction				
Other Purchased Services				
Purchased Prof. and Tech.and Edu Services	56,295		54,886	1,409
General Supplies	25,706	25,706		
Recruitment				
Personal Services - Employee Benefits	88,388	88,388		
Textbooks				
Instructional Services				
Equipment - Instructional				
Total Instruction	<u>345,389</u>	<u>289,094</u>	<u>54,886</u>	<u>1,409</u>
Support Services				
Salaries of Supervisors of Instruction				
Salaries of Program Directors				
Salaries of Other Prof. Staff				
Salaries of Secretarial and Clerical Ass't				
Personal Services - Employee Benefits				
Supplies and Materials				
Other Purchased Services				
Purchased Professional/Educational Services				
Class- room Improvements				
Building Improvements				
Non instructional Equipment				
Total Support Services				
TOTAL EXPENDITURES	<u><u>345,389</u></u>	<u><u>289,094</u></u>	<u><u>54,886</u></u>	<u><u>1,409</u></u>

PROPRIETARY FUNDS

ENTERPRISE FUND

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the cost of providing goods and services be financed through user charges or where the board has decided that periodical determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Food Service Fund - The fund provides for the operation of food services in all schools.

Exhibit G-1

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
 Statement of Net Position
 Proprietary Fund
 As of June 30, 2019

	Proprietary Fund Business-Type Activities Enterprise
	<u>Enterprise</u>
ASSETS	
Current Assets	
Cash	\$14,508
Intergovernmental Receivable	
Other	88,410
Federal	18,113
State	228
Total Current Assets	<u>121,259</u>
Total Assets	<u><u>\$121,259</u></u>
LIABILITIES	
Total Current Liabilities	<u>77,312</u>
Net Position	
Unrestricted	43,947
Invested in capital assets - net	
Total Net Position	<u><u>\$43,947</u></u>

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2019

	Proprietary Fund Business-Type Activities Enterprise
OPERATING REVENUES	
Local Sources	
Daily Sales - Reimbursable Programs	
Self Pay Revenue	
Total Operating Revenues	-
OPERATING EXPENSES	
Supplies, Materials & Other	(\$237,374)
Total Operating Expenses	(237,374)
Income (Loss) From Operations	(237,374)
Nonoperating Revenues	
State Sources	
State Sources	3,507
Federal Sources	
National Snack	
School Breakfast Program	63,283
National School Lunch Program	214,531
Total Nonoperating Revenues	281,321
Net Income	43,947
Total Net Position - July 1, 2018	0
Total Net Position - June 30, 2019	\$43,947

COLLGE ACHIEVE PATERSON CHARTER SCHOOL
Statements of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2019

	<u>Proprietary Fund Business-Type Activities</u>
Cash flows from operating activities	
Cash Payments supplies, material and other	(160,062)
Net Cash (Used) by Operating Activities	<u>(160,062)</u>
 Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	174,570
Net Cash Provided by Noncapital Financing Activities	<u>174,570</u>
 Cash Flows from Investing Activities	
Net Cash Provided by Investing Activities	<u> </u>
Net Increase in Cash and Cash Equivalents	14,508
Cash and Cash Equivalents, Beginning of Year	<u>0</u>
Cash and Cash Equivalents, End of Year	<u><u>\$14,508</u></u>
 Reconciliation of Operating Income to Net Cash	
Used by Operating Activities	
Operating Income	<u>\$43,947</u>
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities	(106,751)
(Increase) Decrease in Accounts Receivable	
Change in Assets and Liabilities	<u>77,312</u>
Total Adjustment	<u>(29,439)</u>
 Net Cash Provided by Operating Activities	<u><u>\$14,508</u></u>

FIDUCIARY FUNDS

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Fiduciary Funds
Combining Statement of Agency Fund Net Position
As of June 30, 2019

	Agency Fund <u>Payroll</u>	<u>Total</u>
ASSETS		
Cash and cash equivalents	\$18,013	\$18,013
Total Assets	\$18,013	\$18,013
LIABILITIES AND FUND BALANCES		
Liabilities		
Payroll deductions and withholdings	\$18,013	\$18,013
Interfund payables		
Account payable - due to students group		
Total Liabilities	18,013	18,013
Net Position		
Total Liabilities and Net Position	\$18,013	\$18,013

Exhibit H-2

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Nonexpendable Trust Fund
Combining Statement of Agency Fund Net Position
Fiduciary Funds
As of June 30, 2019**

NOT APPLICABLE

Exhibit H-3

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Student Activity Agency Fund
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2019**

NOT APPLICABLE

Exhibit H-5

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Unemployment Compensation Insurance Trust Fund
Statement of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2019**

NOT APPLICABLE

STATISTICAL SECTION

This part of the College Achieve Paterson Charter School comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the school's overall financial health.

Contents

Exhibits

Financial Trends

J- 1 to J-5

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

J-6 to J-9

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

Debt Capacity

J-10 to J-13

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

J-14 and J-15

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

J-16 to J-20

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

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

FINANCIAL TRENDS

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
NET POSITION (DEFICIT) BY COMPONENT
FOR THE FISCAL YEAR ENDED JUNE 30
ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)**

	2019	2018
Governmental activities		
Invested in capital assets, net	\$ 114,038	\$ 134,770
Unrestricted Fund Balance	849,397	13,172
Total governmental activities net position	\$ 963,435	\$ 147,942
Business-type activities		
Invested in capital assets, net	-	-
Unrestricted	43,947	-
Total business-type activities net position	\$ 43,947	\$ -
School-wide		
Invested in capital assets, net	114,038	134,770
Unrestricted Fund Balance	893,344	13,172
Total school net position	\$ 1,007,382	\$ 147,942

Source: School Financial Statements

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
CHANGES IN NET POSITION (DEFICIT)
FOR THE FISCAL YEAR ENDED JUNE 30
ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	<u>2019</u>	<u>2018</u>
Expenses		
Governmental activities		
Instruction		
Regular	\$2,804,504	\$1,594,528
Support Services:		
General administration	2,228,063	1,004,996
School Administrative Services	1,330,158	771,857
On-behalf TPAF Social Security	96,389	85,399
Capital outlay	0	171,791
Unallocated depreciation	20,732	10,366
Total governmental activities expenses	<u>6,479,846</u>	<u>3,638,937</u>
Business-type activities:		
Food service	237,374	0
Total business-type activities expense	<u>237,374</u>	<u>0</u>
Total school expenses	<u>\$6,717,220</u>	<u>\$3,638,937</u>
Program Revenues		
Governmental activities:		
Operating grants and contributions	\$345,389	\$245,567
Capital grants and contributions		
Total governmental activities program revenues	<u>345,389</u>	<u>245,567</u>
Business-type activities:		
Charges for services		
Food service	0	0
Operating grants and contributions	0	0
Capital grants and contributions		
Total business type activities program revenues	<u>0</u>	<u>0</u>
Total school program revenues	<u>\$345,389</u>	<u>\$245,567</u>
Net (Expense)/Revenue		
Governmental activities	(\$6,134,457)	(\$3,393,370)
Business-type activities	\$43,947	\$0
Total school-wide net expense	<u>(\$6,090,510)</u>	<u>(\$3,393,370)</u>
Governmental activities:		
Local share	\$607,945	\$296,933
State Share	5,768,606	2,767,847
State and Federal Aid aid	549,363	246,321
Miscellaneous income	24,036	85,075
Increase (Decrease) in Net Capital Outlay	0	145,136
Transfers		
Total governmental activities	<u>\$6,949,950</u>	<u>\$3,541,312</u>
Business-type activities:		
Investment earnings		
Transfers	0	0
Total business-type activities	<u>0</u>	<u>0</u>
Total school-wide	<u>\$6,949,950</u>	<u>\$3,541,312</u>
Change in Net Position		
Governmental activities	\$815,493	\$147,942
Business-type activities	\$43,947	\$0
Total school	<u>\$859,440</u>	<u>\$147,942</u>

Source: School Financial Statements

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
 FUND BALANCES - GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30
 MODIFIED ACCRUAL BASIS OF ACCOUNTING
 (UNAUDITED)**

	<u>2019</u>	<u>2018</u>
General Fund		
Reserved		
Unreserved Fund Balance	\$ 849,397	\$ 13,172
Total general fund	<u>\$ 849,397</u>	<u>\$ 13,172</u>
 All Other Governmental Funds		
Reserved		
Unreserved, reported in:		
Special revenue fund		
Capital projects fund		
Debt service fund		
Permanent fund		
Total all other governmental funds	<u>_____</u>	<u>_____</u>

Source: School Financial Statements

Exhibit J-4

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
GOVERNMENTAL REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30
MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)**

	<u>2019</u>	<u>2018</u>
Revenues		
Local tax Levy	\$607,945	\$296,933
Other local revenue	24,036	85,075
State sources	6,317,969	3,014,168
Propriety	281,321	
Federal sources	345,389	245,657
Total revenue	<u>7,576,660</u>	<u>3,641,833</u>
Expenditures		
Instruction		
Regular Instruction	2,459,115	1,348,961
Support Services:		
General administration	2,228,063	1,004,996
School administrative services/Plant	1,330,158	771,857
TPAF Social Security	96,389	85,399
Capital outlay	0	171,791
Propriety	237,374	171,791
Special Revenue	345,389	245,657
Total expenditures	<u>6,696,488</u>	<u>3,800,452</u>
Excess (Deficiency) of revenues over (under) expenditures		
Other Financing sources (uses)		
Transfers in		
Transfers out		
Total other financing sources (uses)	<u>0</u>	<u>0</u>
Net change in fund balance	<u>\$ 880,172</u>	<u>\$ (158,619)</u>

Source: School Financial Statements

REVENUE CAPACITY

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
General Fund - Other Local Revenue By Source
For the Fiscal Year Ended June 30
(UNAUDITED)

	<u>Sale of Capital Assets</u>	<u>Donations</u>	<u>Rentals</u>	<u>Prior Year Refunds</u>	<u>Sale and Leaseback of Textbooks</u>	<u>Misc.</u>	<u>Totals</u>
2018						\$85,075	\$85,075
2019						24,036	24,036

Source: School Financial Statements

Exhibit J-6

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Assessed Value and Actual Value of Taxable Property
For the Fiscal Year Ended June 30, 2019**

NOT APPLICABLE

Exhibit J-7

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Direct and Overlapping Property Tax Rates
For the Fiscal Year Ended June 30, 2019**

NOT APPLICABLE

Exhibit J-8

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Principal Property Taxpayers
For the Fiscal Year Ended June 30, 2019**

NOT APPLICABLE

DEBT CAPACITY

Exhibit J-9

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Property Tax Levies and Collections
For the Fiscal Year Ended June 30, 2019**

NOT APPLICABLE

Exhibit J-10

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Ratios of Outstanding Debt by Type
For the Fiscal Year Ended June 30, 2019**

NOT APPLICABLE

Exhibit J-11

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Ratios of Net General Bonded Debt Outstanding
For the Fiscal Year Ended June 30, 2019**

NOT APPLICABLE

Exhibit J-12

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Direct and Overlapping Governmental Activities Debt
For the Fiscal Year Ended June 30, 2019**

NOT APPLICABLE

DEMOGRAPHIC AND ECONOMIC INFORMATION

Exhibit J-13

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Legal Debt Margin Information
For the Fiscal Year Ended June 30, 2019**

NOT APPLICABLE

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Demographic and Economic Statistics
For the Fiscal Year Ended June 30, 2019**

NOT APPLICABLE

**OPERATING INFORMATION
(UNAUDITED)**

Exhibit J-15

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Principal Employers
For the Fiscal Year Ended June 30, 2019**

NOT APPLICABLE

Exhibit J-16

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Full-time Equivalent School Employees by Function/Program
For the Fiscal Year Ended June 30
(UNAUDITED)

<u>Function/Program</u>	<u>2019</u>	<u>2018</u>
Instruction		
Regular	31	19
Special education	2	1
Other special education	-	-
Vocational	-	-
Other instruction	-	-
Nonpublic school programs	-	-
Adult/continuing education programs	-	-
Support Services:		
Student & instruction related services	4	1
General administration	4	3
School administrative services	1	2
Other administrative services	-	-
Central services	-	-
Administrative Information Technology	-	-
Plant operations and maintenance	-	-
Pupil transportation	-	-
Other support services	-	-
Special Schools	-	-
Food Service	3	2
Child Care	-	-
Total	45	28

Source: School Personnel Records

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Operating Statistics
For the Fiscal Year Ended June 30
(UNAUDITED)

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>(Initial Year)</u>	
						<u>Teacher Ratio</u>			<u>Elementary</u>	<u>% Change in Average Daily Enrollment</u>
2018	75	1,739,827	23,198	N/A	10	10	72.0	262.2	N/A	96.00%
2019	490	6,696,488	31,587	N/A	33	11:1	490.0	475	N/A	97.00%

Sources: School records

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
School Building Information
For the Fiscal Year Ended June 30
(UNAUDITED)

<u>School Building</u>	<u>2019</u>	<u>2018</u>
Main Campus		
Square Feet	39,000	28,250
Capacity (students)		
Enrollment	212	75
Number of Schools at June 30		
Elementary	1	1

Source: School Office

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
General Fund - Schedule of Required Maintenance
For the Fiscal Year Ended June 30, 2019**

NOT APPLICABLE

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Insurance Schedule
For the Fiscal Year Ended June 30, 2019
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Commercial Property		
Each Occurrence	\$ 1,000,000	\$ 5,000
Damages/Rented Premises	500,000	0
Medical	20,000	0
Personal & Adv Injury	1,000,000	5,000
General Aggregate	3,000,000	5,000
Products -Comp/OP/AGG	3,000,000	5,000
Automobile	-	-
Umbrella	1,000,000	-
Workers' Compensation		
Each Accident	1,000,000	-
Disease - Each Employee	1,000,000	-
Disease - Policy Limiy	1,000,000	-
Property	-	-

**CHARTER SCHOOL PERFORMANCE
FRAMEWORK FINANCIAL INDICATORS**

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
FINANCIAL PERFORMANCE - FINANCIAL RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30
(UNAUDITED)**

**Charter School Performance Framework Financial Indicators
Near Term Indicators**

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	667,587	23,430
Current Assets	930,560	289,151
Capital Assets-Net	114,038	134,770
Total Assets	<u>1,044,598</u>	<u>423,921</u>
Current Liabilities	37,216	275,979
Long Term Liabilities	0	0
Total Liabilities	<u>37,216</u>	<u>275,979</u>
Net Position	<u>1,007,382</u>	<u>147,942</u>
Total Revenue	7,576,660	3,641,743
Total Expenses	<u>6,696,488</u>	<u>3,628,571</u>
Change in Net Position	<u>880,172</u>	<u>13,172</u>
Depreciation	20,732	10,366
Principal Payments	0	0
Interest payments	0	0
Final average daily enrollment	212	75
March 30th budgeted Enrollment	212	75
Near term indicators	<u>2019</u>	<u>2018</u>
CURRENT RATIO		
Unrestricted days cash	36	2.35
Enrollment variance	0%	0%
Default	N/A	N/A

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
FINANCIAL PERFORMANCE - FINANCIAL RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30
(UNAUDITED)**

**Charter School Performance Framework Financial Indicators
Sustainability Indicators**

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	667,587	23,430
Current Assets	930,560	289,151
Capital Assets-Net	114,038	134,770
Total Assets	<u>1,044,598</u>	<u>423,921</u>
Current Liabilities	37,216	275,979
Long Term Liabilities	0	0
Total Liabilities	<u>37,216</u>	<u>275,979</u>
Net Position	<u>1,007,382</u>	<u>147,942</u>
Total Revenue	7,576,660	3,641,743
Total Expenses	<u>6,696,488</u>	<u>3,628,571</u>
Change in Net Position	<u>880,172</u>	<u>13,172</u>
Depreciation	20,732	10,366
Principal Payments	0	0
Interest payments	0	0
Final average daily enrollment	212	75
March 30th budgeted Enrollment	212	75
Sustainability Indicators	<u>2019</u>	<u>2018</u>
Total Margin	11.6	.4%
Debt to Asset	N/A	N/A
Cash Flow	643,857	23,430
Debt Service Coverage Ratio	N/A	N/A

SINGLE AUDIT SECTION K

GERALD D. LONGO
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EXHIBIT K-1

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

The Honorable Chairman and
Members of the Board of Trustees
College Achieve Paterson Charter School
County of Passaic
Paterson, New Jersey

I have audited, 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*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the College Achieve Paterson Charter School ("the Charter School"), in the County of Passaic, State of New Jersey, as of and for the 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 my report thereon, dated November 21, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my 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, I do not express an opinion on the effectiveness of the Charter School's internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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*.

Purpose of this Report

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

Licensed Public School Accountant No. 20CS00206400



Gerald D. Longo
Certified Public Accountant
November 21, 2019

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EXHIBIT K-2

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

The Honorable Chairman and
Members of the Board of Trustees
College Achieve Paterson Charter School
County of Passaic
Paterson, New Jersey

Compliance

I have audited the College Achieve Paterson Charter School, in the County of Passaic, State of New Jersey's ("the Charter School") with the types of compliance requirements described in the State of New Jersey Department of Treasury Circular 15-08-OMB Compliance Supplement that could have a direct and material effect on each of the Charter School's major state programs for the fiscal year ended June 30, 2019. The Charter School's major state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

My responsibility is to express an opinion on-compliance for each of the Charter School's major state programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 of New Jersey Department of Treasury Circular 15-08-OMB *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*.

Those standards, and State of New Jersey Circular 15- 08-OMB, and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey* require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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 I considered necessary in the circumstances.

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

Opinion on Each Major State Program

In my opinion, the Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 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 my audit of compliance, I considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Charter School's internal control over compliance.

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

My 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Licensed Public School Accountant No. 20CS00206400

A handwritten signature in black ink, appearing to read "Gerald D. Longo". The signature is written in a cursive style with a large initial "G".

Gerald D. Longo
Certified Public Accountant
November 21, 2019

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2019

<u>Federal/Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award Identification Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance July 1, 2018</u>	<u>Prior Carry-over</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Refund of Prior Years' Balances</u>	<u>Adjust</u>	<u>Deferred Revenue/ (Accounts Receivable) June 30, 2019</u>	<u>Due to Grantor at June 30, 2019</u>
Enterprise Fund:												
U.S. Department of Agriculture												
Pass-Through Programs:												
Passed-Through New Jersey												
State Department of Agriculture												
National School Breakfast	10.553	181NJ304N1099	07/01/18-06/30/19	63,283	\$ -		\$ 59,031	\$ 63,283			(\$4,252)	
National Lunch	10.555	181NJ304N1099	07/01/18-06/30/19	214,531			200,670	214,531			(13,861)	
Total Enterprise Fund/US Dept. of Agriculture, Pass Through Programs					<u>\$ -</u>		<u>\$259,701</u>	<u>\$ 277,814</u>			<u>(\$18,113)</u>	
Special Revenue Fund:												
U.S. Department of Education												
Pass-Through Programs:												
Passed-Through New Jersey												
State Department of Education												
Title I PART A	84.010	S010A180030	07/01/18-06/30/19	289,094	0	0	192,000	289,094			(\$97,094)	
IDEA PRESCHOOL	84.173	H173A180036	07/01/18-06/30/19	1,409			1,000	1,409			(\$409)	
IDEA BASIC PART B	84.027	H027A180100	07/01/18-06/30/19	54,886	0		36,000	54,886			(\$18,886)	
Total Special Revenue					<u>0</u>	<u>0</u>	<u>229,000</u>	<u>345,389</u>			<u>(116,389)</u>	<u>0</u>
Total Expenditures of Federal Awards					<u>\$0</u>	<u>\$0</u>	<u>\$488,701</u>	<u>\$623,203</u>			<u>(\$134,502)</u>	<u>0</u>

See accompanying notes to Schedules of Expenditures of Federal and State award programs.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Schedule of Expenditures of State Awards
For the Fiscal Year Ended June 30, 2019

<u>State Grantor/Program Title</u>	<u>Grant or State Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance July 1, 2018</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Prior Years' Balances</u>	<u>Adjust.</u>	<u>Receivable at June 30, 2019</u>
NJ State Dept. of Education									
GENERAL FUND									
TPAF Social Security	19-495-034-5094-003	7/1/18-06/30/19	96,389		\$96,389	\$96,389			
Equalization Aid - Local	19-495-034-5120-078	7/1/18-06/30/19	607,945		607,945	607,945			
Equalization Aid - State	19-495-034-5120-078	7/1/18-06/30/19	5,768,606		5,768,606	5,768,606			
Special Education	19-495-034-5120-089	7/1/18-06/30/19	209,171		209,171	209,171			
Security Aid	19-495-034-5120-084	7/1/18-06/30/19	243,803		243,803	243,803			
Total General Fund/Total State Dept. of Education					<u>6,925,914</u>	<u>6,925,914</u>			
NJ STATE DEPT OF AGRICULTURE - DIRECT PROGRAMS									
ENTERPRISE FUND									
State School Lunch	19-100-010-3350-023	7/1/18-06/30/19		<u>0</u>	<u>3,282</u>	<u>3,508</u>			<u>(228)</u>
				<u>0</u>	<u>3,282</u>	<u>3,508</u>			<u>(228)</u>
Total State Financial Assitance Major Program Determination				<u>0</u>	<u>\$6,929,196</u>	<u>\$6,929,422</u>			<u>(228)</u>

See accompanying notes to schedules of expenditures of Federal and State Awards.

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AND STATE ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1. GENERAL

The accompanying schedules present the activity of all federal and state assistance programs of the College Achieve Paterson Charter School. The Board of Trustees is defined in the Notes to the school's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal assistance and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting. These basis 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the provisions of New Jersey Department of the Treasury Circular Letter 15-08 OMB *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis. The special revenue fund is presented in the accompanying schedules on the grant account budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to GAAP basis is \$-0-. See Note 1 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 school's basic financial statements on a GAAP basis as follows:

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AND STATE ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Federal	State	Total
General Fund	\$ -0-	\$6,925,914	\$6,925,914
Special Revenue Fund	345,389	-0-	345,389
Enterprise Fund	<u>277,804</u>	<u>3,508</u>	<u>281,322</u>
Total Awards and Financial Assistance	<u>\$623,203</u>	<u>\$3,508</u>	<u>\$7,292,625</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER INFORMATION

The amount reported as TPAF Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2019. TPAF Social Security Contributions of \$96,387 represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2019.

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

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

NOTE 7. DE MINIMIS INDIRECT COST RATE

The School has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
COUNTY OF PASSAIC, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

PART 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statement Section

Type of auditor’s report issued:	Unmodified	
	<u>YES</u>	<u>NO</u>
Internal control over financial reporting:		
Material weakness(es) identified:	X	
Significant deficiencies identified not considered to be material weakness(es)?	X	None Reported
Noncompliance material to financial statements noted?	X	

Federal Awards

Internal control over compliance:		
Material weakness(es) identified?		
Significant deficiencies identified not considered to be material weakness(es)?		
Type of auditor’s report on compliance for major programs:		
Any audit findings disclosed that are required to be Reported in accordance with 2CFR 200.156(A)?		N/A

Identification of major programs:

<u>C DFA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
-------------------------------	--

None

Dollar threshold used to distinguish between type A and type B programs (.520)

Auditee qualified as low risk auditee:

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
 COUNTY OF PASSAIC, NEW JERSEY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

PART 1 – SUMMARY OF AUDITOR’S RESULTS (continued)

State Awards	<u>YES</u>	<u>NO</u>
Dollar threshold used to distinguish between type A and type B programs (.520)	\$750,000	
Auditee qualified as low risk auditee:	X	
Type of auditor’s report issued:	Unmodified	
Internal control over major programs:		
Material weakness(es) identified:		X
Significant deficiencies identified not considered to be material weakness(es)?		X None Reported
Type of auditor’s report on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be Reported in accordance with NJOMB Circular Letter 15-08?		X
Identification of major programs:		
<u>C DFA Number(s)</u>	<u>Name of State Program or Cluster</u>	
19-495-034-5120-078	Equalization Aid	
19-495-034-5120-089	Special Education Aid	
19-495-034-5120-084	Security Aid	

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
COUNTY OF PASSAIC, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

No financial statement findings noted that are required to be reported under Government Auditing Standards.

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
COUNTY OF PASSAIC, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**PART III – SCHEDULE OF FEDERAL AND STATE AWARD FINDINGS AND
QUESTIONED COSTS**

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

No federal and state award findings and questioned costs noted that are required to be reported in accordance of The Uniform Guidance or with NJOMB Circular 15-08.

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
SUMMARY OF SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Status of Prior Year Findings

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance (section .315(a)(b)) and New Jersey OMB's Circular 15-08.

In accordance with government auditing standards, my procedures included a review of all prior year recommendations. There were no prior year findings as this was the initial year.