



# Community Charter School of Paterson



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020**

**PREPARED BY  
COMMUNITY CHARTER SCHOOL OF PATERSON**

# COMMUNITY CHARTER SCHOOL OF PATERSON

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# Community Charter School of Paterson

**75 Spruce Street, Paterson, New Jersey 07501 \* 973-413-2057**

December 20, 2020

The Honorable Ms. Angelica Allen-McMillan, Acting Commissioner  
New Jersey Department of Education  
Riverview Executive Plaza – Bldg. 100  
P. O. Box 500  
Trenton, New Jersey 08625-0500

Dear Acting Commissioner Angelica Allen-McMillan:

We hereby submit the Comprehensive Annual Financial Report of the Community Charter School of Paterson (the “Charter School” or “CCSP”) for the fiscal year ended June 30, 2020.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Charter School. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and are reported in a manner designed to fairly present the financial position and result of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School’s financial activities have been included.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Charter School’s MD&A can be found immediately following the Independent Auditor’s Report.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Charter School’s organizational chart and a list of principal officials. The financial section includes the independent auditor’s report, management’s discussion and analysis (MD&S) and the basic financial statements including the Charter School-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements and required supplemental information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The Charter School is required to undergo an annual single audit in conformity with the provisions of the *Title 2 U.S. Code of Federal Regulations (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.

**1) Reporting Entity and Its Services**

CCSP is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by National Council on Governmental Accounting (NCGA) Statement No. 3. All funds and account groups of the Charter School are included in this report.

The overarching mission of the Charter School is to inspire and empower its students, families and staff with opportunities to successfully shape and transform their lives by becoming successful, lifelong learners who possess the critical-thinking, academic, advocacy, and leadership skills required to continuously open new doors in their lives and the lives of others.

CCSP was founded by New Jersey Community Development Corporation (NJCDC), a non-profit community development and social service agency based in Paterson, along with a group of committed parents and community members. CCSP's charter school application was approved in 2007 and the School opened in September of 2008. The Charter School's original maximum enrollment was 500 students, with 100 students each in grades K-4. Starting from the school year 2012-2013, CCSP was approved to expand enrollment by 400 students to a total of 900 students through eighth grade. During the 2015-2016 school year, the Charter School reached the maximum capacity of 900 students. The Charter School operates in three locations; elementary grades K-4 (500 students) are based in a 34,000 square-foot former industrial building at 75 Spruce Street in Paterson's Great Falls Historic District. The Charter School's 100 fifth grade students are housed on the second floor of a neighboring building at 32 Spruce Street constituting 12,000 square feet. The third site (137 Ellison Street in Paterson) housed grades 6-8 (300 students). The 137 Ellison Street lease was terminated June 30, 2020. As of June 2020, the Charter School occupied a new leased facility at 8-14 Morris Street in Paterson. It is a 60,000 square foot facility that now houses 400 students in grades 5 to 8.

The location of the Charter School within Paterson's Great Falls Historic District is of special note. Foremost, the area surrounding the Great Falls, located just one block from the School, was recently declared our nation's newest national Park, which will, over time, bring substantial new resources to the area that will benefit our academic program. Additionally, Governor Chris Christie recently designated the School's founding entity, New Jersey Community Development Corporation to create a "cradle to career" comprehensive pipeline of services within the neighborhood to benefit local children and families – modeled after the pioneering work of the Harlem Children's Zone. The Charter School will play a substantial role in this effort.

1) **Reporting Entity and Its Services** - *continued*

The Charter School has completed its twelfth year of service to the children and families of Paterson. By the end of 2019-2020 school year, CCSP had a student enrollment of 913.

2) **Charter Renewal and Enrollment Outlook**

During the year ended June 30, 2016, the Charter School successfully went through the New Jersey Department of Education charter renewal process. This culminated in the Commissioner of Education granting CCSP a new charter for another five years through the 2022 school year. The renewal granted CCSP a total of 900 students Kindergarten through eighth grade.

In addition to the enrolled students, the number of students on CCSP's waiting lists (as of June 30<sup>th</sup>) for the 2020-2021 school-year was 703.

The School has a diverse population reflective of the community at-large. The following is the racial demographic breakdown:

Caucasian Students– 1.5%  
African American Students – 36.6%  
Hispanic Students – 60.7%  
Asian Students – 1.2%



**3) Economic Condition and Outlook**

The Charter School is located in the City of Paterson in the County of Passaic, within the State of New Jersey. Paterson's population stands at 146,199 (2010 census) and is 32% African American; 58% Hispanic/Latino and 10% other races. Paterson is known as the "Silk City" for its dominant role in silk production during the latter half of the 19<sup>th</sup> century. The city is served by the New Jersey Transit Main Line commuter rail service, with the station located in Downtown Paterson. Bus service to locations in Passaic, Bergen, Essex and Hudson counties is provided by New Jersey Transit, making the city a regional transit hub.

The Paterson Public Schools serve students in kindergarten through twelfth grade. Paterson at present has six operating charter schools, one of which is CCSP. The district is one of former 31 Abbott districts statewide, which are now referred to as "SDA Districts" based on the requirement for the state to provide additional funding for Early Childhood Education for all 3 to 5-year olds in those districts. The school system has over 30,000 students who speak over 50 different languages. The school system currently has 52 schools with over 6,000 employees.

Paterson boasts numerous locations on the National Register of Historic Places, including museums, schools, public buildings, and churches. Paterson's rich history is best represented through the designation by President Obama in 2009 of the area surrounding the majestic Great Falls as a new national park, the Paterson Great Falls National Historical Park. The Park is located two blocks from CCSP's flagship building and borders on CCSP's fifth-grade building, providing CCSP with an invaluable educational resource.

In 2019-2020 the City of Paterson continued to experience financial hardships common to urban municipalities in New Jersey including high unemployment, violence and high rates of poverty. However, the new national park holds great promise to serve as a catalyst for significant economic development and tourism, enabling Paterson to dramatically improve both its financial condition and the opportunities it is able to offer its residents and visitors alike.

**4) Major Initiatives**

The Community Charter School of Paterson has achieved great successes for its students and their families. CCSP has made strategic decisions to ensure academic success across all grade levels. CCSP has remained true to its original mission while making dramatic changes to the core instructional program to ensure rigor, high student engagement and community based efforts. In spite of the challenges that COVID-19 has brought to our organization, CCSP continues to work hard and push forward to provide a high quality instruction for all students. Over the last five years, CCSP has also experienced significant growth and adapted its facilities and programs to meet that challenge. Including moving 5<sup>th</sup> to 8<sup>th</sup> grade students into a new building in the 2020-2021 school year. CCSP has developed, implemented, and aligned systems, programs, and strategies that are demonstrating real promise in improving student achievement. The school has adapted nationally-renowned, evidence-based programs and supported them with robust professional development to ensure their implementation with fidelity. CCSP has expanded and improved offerings to its struggling students. The school has implemented scheduling innovations like the development of a comprehensive Intervention Program. This program is a designated period of day in which we are dedicated to providing targeted instruction to students' individual needs and supplements its core programs with high-quality Wilson Reading and Math programming that are aligned with the school goals. The school's faculty is supported by an outstanding array of professional development opportunities, coaching, resources, technology and other support. Our elementary and middle school campuses have a Principal, Assistant Principal, and Dean of Students. CCSP also has a CEO, Director of Curriculum and Instruction, Humanities, Special Education, and STEM Supervisors that provides extensive instructional support for leaders, teachers, and support staff at each campus. CCSP's data systems provide real-time, nationally-normed, valid data which is fully integrated into the instructional model. Teachers meet with leaders at Professional Learning Community (PLCs) meetings weekly to review and analyze our academic data to measure growth and formulate action plans for our instructional gaps. With these elements in place, CCSP has the building blocks to becoming a great institution.

CCSP's 2020 New Jersey Student Learning Assessment (NJSLA) was cancelled due to the COVID-19 pandemic. However, their 2019 scores have remained solid in English Language Arts and Math. It is also important to note that CCSP's scores in 2019 outpace its 'host district' (Paterson Public Schools) in both ELA and Math. Students achieving the State standard for performing at grade level (levels 4 and 5 according to the NJSLA scale) rose in ELA from 32.6% in 2015 to 43% in 2020. Additionally, SGP growth for this co-hort was at 54%. Similar gains were evident in Math where the percentage of students in Levels 4 and 5 increased from 19% to 26.8%. SGP growth was at 49% respectfully for these cohorts. These data points illustrate the potential for growth since CCSP was able to move students while implementing an entirely new Math program and phase 2 of a new ELA approach of Balanced Literacy during the 2020 school year.

**4) Major Initiatives - *continued***

Additionally, it should be noted that CCSP students outperformed the host district and other Paterson Charter schools in our 3<sup>rd</sup>- 8<sup>th</sup> grade averages for level 4 and level 5 performance on the NJSLA exam in the 2019-2020 administration.

The SGP's of CCSP students receiving Special Education or Title I interventions is moving in the right direction, representing progress with movement from levels 1 and 2, the lowest levels of performance on the NJSLA exam.

Over the next five years, CCSP is committed to building on its foundational success and focus its efforts on dramatic academic growth. CCSP will strengthen and build on the key elements (described below) that will propel students forward.

**Data-Driven Instruction** – CCSP has systems in place to provide real-time, nationally-normed data to teachers and school administrators. CCSP has the people and systems in place to analyze and use that data to inform day-to-day classroom instruction. These systems and personnel also support the selection, revision and creation of a more effective, standards-aligned curriculum. The Fountas and Pinnell literacy assessment was adopted in the 2019-20 school year at our elementary campus. This comprehensive assessment tool will provide our leaders and teachers with clear data points to support reading instruction at our elementary campus. Additionally, with the schedule in place to allow for intervention programming, block scheduling and increased levels of teaching experience with the new teaching staff, CCSP is poised to improve student outcomes. Lastly, in the 2020-2021 school year we adopted the national norm referenced NWEA/ MAP examination for grades 1<sup>st</sup> -8<sup>th</sup> grade as our district assessment for reading, math, and science.

**Continuous Professional Development & Teacher Support** – CCSP has a robust system of professional development that provides teachers with valuable tools to improve their instructional practices. In the 2020-2021 school year, the school revised its CCSP professional development to revolve around rigor, engagement and individualized instruction. CCSP realized its strongest gains in grades that were recently departmentalized, so an increased focus departmentalization is being implemented so that faculty can concentrate their professional development on specific content areas which will help students in their quest for content mastery. CCSP is providing training in several evidence-based literacy programs, in an effort to build a team of literacy specialists that will help drive growth in ELA. CCSP expanded its coaching of teachers by hiring experienced Humanities, Special Education, and STEM supervisors. These leaders are working directly with our Director of Curriculum and Instruction and campus leaders to provide high quality professional development and feedback to our teaching teams. This helps ensure that teachers continue to have the coaching, modeling and access to resources that they need to continue to improve. Lastly, in the 2020-2021 school year, CCSP has adopted new Social and Emotional Learning programs to ensure students are provided instruction and guidance in this important aspect of their learning.

4) **Major Initiatives** - *continued*

**Instructional Rigor & Intensive Student Support** – CCSP has added several high-quality evidence-based rigorous programs to its curriculum in Math, ELA and intervention programs. CCSP has also adopted high-quality standards-aligned programs in Social Studies and Science. Combined with PD efforts, strong professional development and increased teacher specialization, these programs promise to yield strong results.

**Full-Service Community School** – CCSP’s commitment to parent engagement will continue to drive parents to be more involved in their student’s education. CCSP recently added a ‘family liaison’ to expand participation in the Home School Council. These efforts are supplemented by the growing support of the Community Advisory Board, which is designed to help leverage more resources, information and relationships that will benefit and enrich CCSP’s academic program. CCSP has also begun formally integrating core instructional and data analysis practices in the afterschool and Summer programs.

**Signs of Academic Success** – There are several signs that the changes and initiatives that CCSP has implemented are having an impact on student performance.

5) **Internal Accounting Controls**

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

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

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

6) **Budgetary Controls**

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with the statutory requirements of charter school budgets. Annual appropriated budgets are adopted for general and special revenue funds. The final budget amount, as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as re-appropriations of fund balance in the subsequent year. No reservation of fund balance was made at June 30, 2020.

During the 2019-2020 fiscal school, the Charter School continued its efforts to improve its audit status and operational processes and procedures, correcting deficiencies identified in previous audits and reviews and on maintaining general compliance with sound fiscal practices.

7) **Accounting System and Report**

The Charter School’s accounting records reflect generally accepted accounting principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting records also reflect New Jersey State Statute (N.J.S.A 18:4-14) that requires a uniform system of double-entry bookkeeping consistent with the GAAP established by GASB for us in all school districts and charter school.

The accounting system is organized on the basis of funds in accordance with the Uniform Charter of Accounts (Handbook 2R2) for New Jersey Public Schools. These funds are explained in “Notes to the Financial Statements”, Note 1.

8) **Financial Statement Information at Fiscal Year-End**

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund, and Special revenue funds for the fiscal year ended June 30, 2020 fiscal year:

**Summary of the General Fund  
and Special Revenue Fund Revenues**

<u>Revenue</u>	<u>2020</u>	<u>2019</u>	<u>Increase/ (decrease)</u>	<u>% Change</u>
Local sources	\$ 1,230,292	\$ 1,073,973	\$ 156,319	14.56%
State sources	14,055,961	13,159,612	896,349	6.81%
Federal sources	1,815,532	1,810,120	5,412	0.30%
	<u>\$ 17,101,785</u>	<u>\$ 16,043,705</u>	<u>\$ 1,058,080</u>	<u>6.59%</u>

The Charter School experienced a general increase in revenue of 6.59%. The slight increase was due to COLA increase in state aid funding during 2019-2020.

8) **Financial Statement Information at Fiscal Year-End** - *continued*

The following schedule presents a summary of general fund and special revenue expenditures for the fiscal year ended June 30, 2020:

**Summary of the General Fund  
and Special Revenue Fund Expenditures**

<b>Expenditures</b>	<b>2020</b>	<b>2019</b>	<b>Increase/ (decrease)</b>	<b>% Change</b>
Instruction	\$ 5,539,697	\$ 5,197,256	\$ 342,441	6.59%
Administrative	5,600,853	5,679,057	(78,204)	-1.38%
Support	4,858,693	4,378,516	480,177	10.97%
Capital outlay	1,324,519	235,753	1,088,766	461.82%
	<u>\$ 17,323,762</u>	<u>\$ 15,490,582</u>	<u>\$ 1,833,180</u>	<u>11.83%</u>

The Charter School experienced an increase in expenditures of 11.83% due to significant increase in leasehold expenditures in 2019-2020 – related to the new 60,000 square foot facility at 8-14 Morris Street in Paterson.

9) **Cash Management**

The investment policy of the Charter School is guided in large part by state statute as detailed in “Notes to the Financial Statements”. The Charter School has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

10) **Risk Management**

The Board carries various forms of insurance, including but not limited to general liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds and worker’s compensation.

11) **Other Information**

**Independent Audit**

State statute requires an annual audit by independent Certified Public Accountants or registered Municipal Accountants. The Charter School appointed the accounting firm of Gerald D. Longo, CPA.

In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of *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 New Jersey OMB Circular Letter 15-08 “*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*”.

The auditor’s report on the basic financial statements is included in the financial section of this report. The auditor’s reports related specifically to the single audit are included in the single audit section of this report.

The school year 2019-2020 was marked by increased levels of parental and community involvement as the Charter School moved further towards its objective of becoming a true Community School. Lastly, the Charter School continues to enjoy a strong financial position through careful stewardship of its resources. The next school year promises to be one that builds upon these successes with additional progress in all areas of the School’s operations, and particularly in the area of student achievement.

12) **Anti-Bullying**

On January 5, 2010, the former Governor Chris Christie signed into law P.L. 2010, Chapter 122 known as the Anti-Bullying Bill of Rights. The Anti-Bullying Bill of Rights Act (“Act”) requires initial and on-going training for all staff members, Anti-Bullying Specialists, Anti-Bullying Coordinators, administrative staff and Board Members. N.J.S.A. 18A:37-22(d) requires every teacher to complete at least two hours of instruction on harassment, intimidation, and bullying prevention in each professional development period. During 2019-2020, on-going training was provided for harassment, intimidation and bullying prevention to comply with the training requirements of the Act.



**13) COVID-19**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 21, 2020, New Jersey State Governor Phil Murphy ordered the closure of the physical location of every “non-life sustaining” and “non-essential” business. The Charter School had to close its physical locations and has since been coping with the challenges posed by COVID-19. For the 2020-2021 school year academic instructions are being planned and executed with flexibilities around virtual learning. Future potential impacts may include continued disruptions or restrictions on instructional and administrative staffs’ ability to work. The Board of the Charter School continues to monitor the challenges and plans to adapt and make changes as they become necessary.

**14) Acknowledgments**

A note of appreciation is extended to the Board Finance Committee of the Charter School for their ongoing support and commitment to fiscal integrity and to the Charter School’s Board of Trustees for their selfless dedication to improving student achievement.

A special note of appreciation is extended to the Business Office and to all of the business operations staff members for their untiring efforts to improve processes, procedures and audit outcomes. Their contributions in support of the students and staff of the Charter School are truly noteworthy. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial, accounting and administrative staff.

Respectfully submitted,



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Curtis Palmore  
Chief Executive Officer/Chief Advocate



**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**ROSTER OF TRUSTEES AND OFFICERS**

**June 30, 2020**

**Members of Board of Trustees**

Michael De Blasio, Board President

Tiffany McBride, Vice President

Tamour Kousha, Board Member

Sophia Sample, Board Member

Boris Zaydell, Board Member

Tamara Lugo, Board Member

Marqweesha Guthrie, Board Member

**Administration**

Curtis Palmore, Chief Executive Officer/Chief Advocate

Dr. Lisa Schneider, Director of Curriculum Instructions

Olugbenga Olabintan, CPA – School Business Administrator

Craig Smith, School Business Administrator/Chief Operations Officer

Flavio Rivera, Treasurer of School Monies

# **COMMUNITY CHARTER SCHOOL OF PATERSON**

## **Consultants and Advisors**

### **Independent Auditors**

Gerald D. Longo  
Certified Public Accountant/Consultant  
62 Old Queens Boulevard  
Manalapan, NJ 07726-3648

### **Attorney**

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

### **Official Depository**

TD Bank  
100 Hamilton Plaza  
Paterson, NJ 07501

### **Architect**

Ben Horten Architecture & Design  
312 NJ-10  
Randolph, NJ 07869  
(973) 442-5880

## **Financial Section**

# GERALD D. LONGO

## CERTIFIED PUBLIC ACCOUNTANT

62 OLD QUEENS BOULEVARD, MANALAPAN, NEW JERSEY 07726-3648

Phone: (732) 446-4768 • Fax: (732) 792-3648 • e-mail: glongcpa@gmail.com

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### Independent Auditor's Report

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

#### Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Board of Trustees of the Community Charter School of Paterson, (the "Charter School") in the County of Passaic, State of New Jersey as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

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

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

#### Auditors' Responsibility

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter School as of June 30, 2020, 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 and Budgetary Comparison Information* as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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.

### *Supplementary and Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying supplementary information, which consists of the introductory section, combining and individual fund financial statements and statistical tables are presented for purposes of additional analysis and are not required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by 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 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*, respectively, and are not a required part of the basic financial statements.

The combining and individual fund financial statement information, and the schedules of expenditures of federal awards and state financial assistance required by 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 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*, respectively, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the

basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly presented, in all material respects, in relation to the basis financial statements as a whole.

The introductory section and statistical sections have 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 them.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated December 20, 2020 on my consideration of the 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 Charter School's internal control over financial reporting and compliance.

*Gerald D. Longo, CPA*

December 20, 2020  
Manalapan, New Jersey

GERALD D. LONGO, CPA



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Gerald D. Longo, CPA  
Licensed Public School Accountant  
No. 20CS00206400



## **Required Supplementary Information**

### **Part I**

#### **Management's Discussion and Analysis**

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

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2020**  
**(Unaudited)**

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**Introduction**

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

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34, *Basic Financial Statement – and Management's Discussion and Analysis- for State and Local Governments*. Certain comparative information between the current fiscal year and the prior fiscal year is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for fiscal year 2020 are as follows:

- Net position of governmental activities ended the fiscal year with \$3,665,580. Net position of business-type activities, which represent food service operations/after care and summer instructional programs, ended the fiscal year with \$367,667.
- General revenues accounted for \$15,286,253 in revenue or 87 percent of total revenues of \$17,655,106. Program specific revenues, in the form of charges for services, grants, and contributions accounted for \$2,368,853 or 13 percent of total revenues.
- The Charter School had \$16,945,883 in expenses related to governmental activities; \$1,815,532 of these expenses is offset by operating grants and contributions. General revenues (primarily state aid) of \$15,286,253 helped to provide for the balance of these programs.
- The General Fund reported fund surplus at June 30, 2020, of \$3,889,718.

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
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### **Using the Basic Financial Statements**

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

The report is organized so the reader can understand the Community Charter School of Paterson as a financial whole, or as an entire operating entity. The first two basic financial Statements, the Statement of Net Position and the Statement of Activities, are governmental-wide financial statements and provide overall information about the activities of the entire Charter School, presenting both an aggregate view of the Charter School's finances and a long-term view of those finances. The remaining basic financial statements are fund financial statements that focus on the individual parts of the government, reporting the Charter School's operation in more detail than the government-wide statements. The fund financial statements also look at the Charter School's most significant funds with all other non-major funds presented in total in a single column. For the Community Charter School of Paterson, the General Fund is the most significant fund.

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

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

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

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

### **Reporting the Charter School as a Whole**

#### **Statement of Net Position and Statements of Activities**

While this report contains the fund used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and asks the question, "how did we do financially during fiscal year 2020?" The statements of Net Position and the Statement of Activities answer this question. These Statements include all the Charter School's assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**Management's Discussion and Analysis**  
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**Statement of Net Position and Statement of Activities-continued**

These two statements report the Charter School's net position and changes in those assets. This change in net position is important because it identifies whether the financial position of the Charter School has improved or diminished for the Charter School as a whole. The cause of this change may be the result of many factors some financial, some not. Non-financial factors include the property tax base of the School District where the Charter School is located, current educational funding laws in New Jersey, facilities conditions, required educational programs, and other factors. In the Statements of Net Position and the Statements of Activities, the Charter School is divided into two distinct kinds of activities:

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

**Business-Type Activity** – Services are provided on a charge for goods or services or reimbursement basis to recover the expenses of the goods or services provided. The food service operation is reported as a business activity.

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

**Fund Financial Statements**

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

**Governmental Funds**

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

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
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**Enterprise Fund**

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

**The Charter School as a Whole**

The perspective of the Statement of Net Position is of the Charter School as a whole. Net position may serve over time as useful indicator of a government's financial position. In the case of the Charter School, assets exceeded liabilities by \$4,248,797 at the close of 2020. The following table provides a summary of net position relating to the Charter School's governmental and business type activities:

	Governmental Activities		Business Type Acvtivities		Total	
	2020	2019	2020	2019	2020	2019
<b>Assets</b>						
Current assets	\$ 8,190,760	\$ 5,219,031	\$ 404,611	\$ 365,851	\$ 8,595,371	\$ 5,584,882
Capital assets, net	3,061,680	2,122,498	-	-	3,061,680	2,122,498
Deferred outflows of resources	3,026,564	1,964,414	-	-	3,026,564	1,964,414
<b>Total Assets</b>	<b>14,279,004</b>	<b>9,305,943</b>	<b>404,611</b>	<b>365,851</b>	<b>14,683,615</b>	<b>9,671,794</b>
<b>Liabilities</b>						
Current liabilities	4,085,492	891,786	36,944	19,668	4,122,436	911,454
Long term liabilites	4,428,239	3,359,645	-	-	4,428,239	3,359,645
Deferred inflows of resources	1,884,143	1,544,834	-	-	1,884,143	1,544,834
<b>Total Liabilities</b>	<b>10,397,874</b>	<b>5,796,265</b>	<b>36,944</b>	<b>19,668</b>	<b>10,434,818</b>	<b>5,815,933</b>
<b>Net position</b>						
<b>Invested in</b>						
Capital assets			-	-		
(net of related debt)	3,061,680	2,122,498	-	-	3,061,680	2,122,498
Unrestricted	819,450	1,387,180	367,667	346,183	1,187,117	1,733,363
<b>Total net position</b>	<b>\$ 3,881,130</b>	<b>\$ 3,509,678</b>	<b>\$ 367,667</b>	<b>\$ 346,183</b>	<b>\$ 4,248,797</b>	<b>\$ 3,855,861</b>

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The largest portion of the Charter School's net position is its current assets. The Charter School uses these current assets to provide services.

The total net position of the Charter School increased by \$392,936 during the current fiscal year ended June 30, 2020. The majority of the increase is attributable to an increase of \$371,452 in the Governmental Activities net position.

The table that follows reflects the change in net position for fiscal year 2020.

	Governmental Activities		Business Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charge for services			\$20,324	\$0	\$20,324	\$0
Operating grants and contributions	\$1,815,532	\$1,810,120	-	-	-	-
Total program revenues	<u>1,815,532</u>	<u>1,810,120</u>	<u>532,997</u>	<u>723,683</u>	<u>2,348,529</u>	<u>2,533,803</u>
General revenues:						
Local aid	1,092,702	1,031,127	-	-	1,092,702	1,031,127
Federal and state aid	14,055,961	13,159,612	-	-	14,055,961	13,159,612
Miscellaneous	137,590	42,846	-	-	137,590	42,846
Transfers	-	-	-	-	-	-
Total general revenues	<u>15,286,253</u>	<u>14,233,585</u>	<u>-</u>	<u>-</u>	<u>15,286,253</u>	<u>14,233,585</u>
Total revenues	<u>17,101,785</u>	<u>16,043,705</u>	<u>533,321</u>	<u>723,683</u>	<u>17,655,106</u>	<u>16,767,388</u>
Expenses:						
Instructions	5,539,697	5,197,256	-	-	5,539,697	5,197,256
Administrative & support services	10,805,299	10,369,599	-	-	10,805,299	10,369,599
Unallocated depreciation	385,337	290,232	-	-	385,337	290,232
Food service	-	-	531,837	627,502	531,837	627,502
Total expenses	<u>16,730,333</u>	<u>15,857,087</u>	<u>531,837</u>	<u>627,502</u>	<u>17,262,170</u>	<u>16,484,589</u>
Change in net position	<u>\$ 371,452</u>	<u>\$ 186,618</u>	<u>\$ 21,484</u>	<u>\$ 96,181</u>	<u>\$ 392,936</u>	<u>\$ 282,799</u>

### Governmental Activities

The Statement of Activities reflects the cost of program services and the charges for services and operating grants and contributions offsetting those services. The table below, for government activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by unrestricted state entitlements for the fiscal year ended June 30, 2020.

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**Management's Discussion and Analysis**  
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**Governmental Activities - *continued***

	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Instruction	\$ 5,539,697	\$ 4,275,946
Administrative & support services	10,805,299	10,253,518
Capital outlay	-	-
Unallocated depreciation	385,337	385,337
Total expenses	<b>\$ 16,730,333</b>	<b>\$ 14,914,801</b>

**Business-Type Activity**

The business-type activity of the Charter School consists of the food service operation. This program had revenues of \$553,321, operating expenses of \$531,837 and a current year surplus of \$21,484 for fiscal year 2020. The Charter School intended to have food services be self-operating without assistance from the General Fund.

**The Charter School's Funds**

The Charter School's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues of \$17,101,785 and expenditures of \$17,323,762, with a negative change in fund balance of \$221,977. The negative change in fund balance was due to significant spending on leasehold improvements related to the new 60,000 square foot facility at 8-14 Morris Street in Paterson. The new leased space was occupied in June 2020.

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

During the course of fiscal 2020, the Charter School amended its General Fund budget as needed. The Charter School uses state-aid and other revenue-based budget. The budgeting systems are designed to tightly control total budget, but provide flexibility for Charter School's management team.

For the General Fund, final budgeted revenues were \$12,990,593, which included a local tax levy of \$1,092,702. Expenditures and other financing uses were budgeted at \$14,707,215. The Charter School anticipated budgeted fund balance of \$2,610,623 in its 2019-2020 budget year. General Fund revenues were less than expenditures by \$(221,977). Actual revenues and other financing sources were \$15,286,253 and expenditures were \$15,508,230, respectively.

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The State of New Jersey reimbursed the Charter School \$418,974 during the year ended June 30, 2020 for the employer's share of social security contributions for TPAF members. The State also paid \$1,231,418 into the TPAF pension representing on-behalf employer's portion of the Pension System Contributions, Post-Retirement Medical Benefits Contributions and Long-Term Disability Insurance Premium Contributions. These unbudgeted amounts were included in both revenues and expenditures.

**Capital Assets**

At the end of fiscal year 2020, the Charter School had funds invested in capital assets in its governmental activities. The table below reflects fiscal year 2020 balances:

	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
<b>Capital assets, being depreciated:</b>			
Leasehold improvements	\$ 4,407,161	\$ -	\$ 4,407,161
Equipment	935,735	-	935,735
Furniture and fixtures	13,280	-	13,280
Vehicle	20,285	-	20,285
Total capital assets being depreciated	<u>5,376,461</u>	<u>-</u>	<u>5,376,461</u>
Less accumulated depreciation for:			
Leasehold improvements	1,583,049	-	1,583,049
Equipment	698,167	-	698,167
Furniture and fixtures	13,280	-	13,280
Vehicle	20,285	-	20,285
Total accumulated depreciation	<u>2,314,781</u>	<u>-</u>	<u>2,314,781</u>
Total capital assets net	<u>\$ 3,061,680</u>	<u>\$ -</u>	<u>\$ 3,061,680</u>

The Charter School's 2020-2021 budget projects spending approximately \$200,000 for capital projects.

**Long-term Liabilities**

The Charter School had \$4,428,239 and \$3,359,645 at June 30, 2020 and 2019, respectively, in net pension liability regarding the Public Employees Retirement System. More detailed information about the Charter School's long term obligations is presented in the notes to the financial statements.



**COMMUNITY CHARTER SCHOOL OF PATERSON**  
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**(Unaudited)**

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

The State of New Jersey and indeed the entire United States continue to face serious budgetary constraints and a result of the sharp downturn in the economy. These impact the amount of state and federal aids allocated to charter schools. This reality was taken into account when adopting the general fund budget for 2020-2021. Nothing was done to compromise the quality of the programs in place in our Charter School during the regular instructional day. The budget was prepared to ensure that all students have the textbooks, materials, supplies, equipment and programs they need to meet New Jersey's Core Curriculum Content Standards. The budget was adopted with a redirection of funds to maintain the quality of the regular school day.

**COVID-19 and Paycheck Protection Program Loan**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 21, 2020, New Jersey State Governor Phil Murphy ordered the closure of the physical location of every "non-life sustaining" and "non-essential" business for what may be an extended period of time. The Charter School had to close its physical locations. Future potential impacts may include continued disruptions or restrictions on its employees' ability to work and impairment of its ability to obtain grants and contributions. Though the impact on the Charter School's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund and other state aid and the local tax levy. There have been additional operating expenses (related to COVID-19) in the General Fund not planned for or expected at the time of the adoption of the Charter School's fiscal year 2020-2021 budget.

During the fiscal year ended June 30, 2020, the Charter School applied for and was approved a \$1,897,040 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. The Charter School is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.

The loan was funded on April 20, 2020. As of the date of this report, the Charter School is in the process of applying for the loan forgiveness which if successful will convert the loan to a federal government grant revenue during the subsequent fiscal year ending June 30, 2021.

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

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

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**Business Office**  
**75 Spruce Street**  
**Paterson, New Jersey 07501**  
**Tel: (973) 413-2057**

## **Basic Financial Statements**

## **Government-wide Financial Statements**

**The government-wide financial statements provide a financial overview of the Charter School's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the Year Ended June 30, 2020.**

Statement of Net Position

June 30, 2020

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 7,633,897	\$ 366,878	\$ 8,000,775
Restricted cash - escrow	76,726		76,726
Accounts receivable	314,801	11,096	325,897
Other current assets	165,336	-	165,336
Interfund receivables	-	26,637	26,637
Capital assets (net of accumulated depreciation of \$2,314,781)	3,061,680	-	3,061,680
Total assets	<u>11,252,440</u>	<u>404,611</u>	<u>11,657,051</u>
<b>Deferred outflows of resources</b>			
Pension deferred outflows	3,026,564	-	3,026,564
Total assets and deferred outflows of resources	<u>\$ 14,279,004</u>	<u>\$ 404,611</u>	<u>\$ 14,683,615</u>
<b>Liabilities</b>			
Accounts payable	\$ 1,975,868	\$ 36,944	\$ 2,012,812
Intergovernmental payables - state and federal	185,947	-	185,947
Deferred revenue	-	-	-
Interfunds payables	26,637	-	26,637
Paycheck Protection Program (PPP) loan	1,897,040	-	1,897,040
Net pension liability	4,428,239	-	4,428,239
Total liabilities	<u>8,513,731</u>	<u>36,944</u>	<u>8,550,675</u>
<b>Deferred inflows of resources</b>			
Pension deferred inflows	1,884,143	-	1,884,143
Total liabilities and deferred inflows of resources	<u>10,397,874</u>	<u>36,944</u>	<u>10,434,818</u>
<b>Net position</b>			
Invested in capital assets	3,061,680	-	3,061,680
Unrestricted, undesignated	819,450	367,667	1,187,117
Total net position (Note 18)	<u>3,881,130</u>	<u>367,667</u>	<u>4,248,797</u>
Total liabilities, deferred inflows & net position	<u>\$ 14,279,004</u>	<u>\$ 404,611</u>	<u>\$ 14,683,615</u>

See independent auditor's report and accompanying notes to basic financial statements.

COMMUNITY CHARTER SCHOOL OF PATERSON

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Statement of Activities

Year ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental activities:</b>						
<b>Instruction:</b>						
Regular	\$ 5,539,697	\$ -	\$ 1,263,751	\$ (4,275,946)	\$ -	\$ (4,275,946)
<b>Administrative &amp; support services:</b>						
General administration	5,946,606	-	-	(5,946,606)	-	(5,946,606)
Support services	4,858,693	-	551,781	(4,306,912)	-	(4,306,912)
Capital outlay	-	-	-	-	-	-
Unallocated depreciation	385,337	-	-	(385,337)	-	(385,337)
Total governmental activities	<u>16,730,333</u>	<u>-</u>	<u>1,815,532</u>	<u>(14,914,801)</u>	<u>-</u>	<u>(14,914,801)</u>
<b>Business-type activities:</b>						
Food service	531,837	20,324	532,997	-	21,484	21,484
After care/summer programs	-	-	-	-	-	-
Total business-type activities	<u>531,837</u>	<u>20,324</u>	<u>532,997</u>	<u>-</u>	<u>21,484</u>	<u>21,484</u>
Total primary government	<u>\$ 17,262,170</u>	<u>\$ 20,324</u>	<u>\$ 2,348,529</u>	<u>(14,914,801)</u>	<u>21,484</u>	<u>(14,893,317)</u>
<b>General revenues, transfers and special items:</b>						
Local sources				1,092,702	-	1,092,702
State sources				14,055,961	-	14,055,961
Federal sources				-	-	-
Miscellaneous				137,590	-	137,590
Total general revenues, transfers and special items				<u>15,286,253</u>	<u>-</u>	<u>15,286,253</u>
Change in net position				371,452	21,484	392,936
Net position - beginning				3,509,678	346,183	3,855,861
Net position - ending				<u>\$ 3,881,130</u>	<u>\$ 367,667</u>	<u>\$ 4,248,797</u>

See independent auditor's report and accompanying notes to basic financial statements.

## **Funds Financial Statements**

**Governmental Funds**



**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**Governmental Funds**

**B-1**

**Balance Sheet**

**June 30, 2020**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Totals Governmental Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 7,704,735	\$ (70,838)	\$ 7,633,897
Restricted cash in escrow	76,726		76,726
Accounts receivable:	-	-	-
State	-	-	-
Federal	-	225,667	225,667
Other	89,134	-	89,134
Other current assets	165,336	-	165,336
Interfund receivable	111,244	-	111,244
<b>Total assets</b>	<b>\$ 8,147,175</b>	<b>\$ 154,829</b>	<b>\$ 8,302,004</b>
<b>Liabilities and Fund Balances</b>			
Interfund payables	\$ -	\$ 137,881	\$ 137,881
Accounts payables	1,958,920	16,948	1,975,868
Intergovernmental payables - federal	-	-	-
Intergovernmental payables - state	-	-	-
Intergovernmental payables - other	185,947	-	185,947
Paycheck Protection Program (PPP) loan	1,897,040	-	1,897,040
Deferred revenue	-	-	-
<b>Total liabilities</b>	<b>4,041,907</b>	<b>154,829</b>	<b>4,196,736</b>
<b>Fund balances:</b>			
Unreserved:			-
Undesignated	4,105,268	-	4,105,268
<b>Total fund balances</b>	<b>4,105,268</b>	<b>-</b>	<b>4,105,268</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,147,175</b>	<b>\$ 154,829</b>	
<p>Amounts reported for governmental activities in the statement of net position (A-1) are different because:</p>			
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:</p>			
Cost of capital assets	\$ 5,376,461		
Accumulated depreciation	(2,314,781)		
<b>Cost of capital assets, net of accumulated depreciation</b>	<b>\$ 3,061,680</b>		3,061,680
<p>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 7)</p>			
			3,026,564
<p>Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)</p>			
			(1,884,143)
<p>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 7)</p>			
			(4,428,239)
<p>Net position of governmental activities - A-1</p>			<b>\$ 3,881,130</b>

*See independent auditor's report and accompanying notes to basic financial statements.*

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**Governmental Funds**

B-2

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year ended June 30, 2020**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total</b>
<b>Revenues:</b>			
Local sources:			
Local tax levy	\$ 1,092,702	\$ -	\$ 1,092,702
Miscellaneous	137,590	-	137,590
Total revenues - local sources	1,230,292	-	1,230,292
Federal sources	-	1,815,532	1,815,532
State sources	12,405,569	-	12,405,569
Reimbursed TPAF-Social Security (non-budgeted)	418,974	-	418,974
TPAF pension and post retirement medical and long-term disability premium benefits on-behalf payments (non-budgeted)	1,231,418	-	1,231,418
Total revenues	15,286,253	1,815,532	17,101,785
Current expense:			
Instruction	4,275,946	1,263,751	5,539,697
Administrative	3,950,461	-	3,950,461
Support services	4,306,912	551,781	4,858,693
Capital outlay	1,324,519	-	1,324,519
Reimbursed and on-behalf payments:	-	-	-
Reimbursed TPAF-Social Security (non-budgeted)	418,974	-	418,974
TPAF pension and post retirement medical benefits on-behalf payments (non-budgeted)	1,231,418	-	1,231,418
Total expenditures	15,508,230	1,815,532	17,323,762
Excess (deficiency) of revenues over (under) expenditures	(221,977)	-	(221,977)
	-	-	-
Fund balances, beginning of year	4,327,245	-	4,327,245
Fund balances, end of year	\$ 4,105,268	\$ -	\$ 4,105,268

*See independent auditor's report and accompanying notes to basic financial statements.*

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**And Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**Year ended June 30, 2020**

**B-3**

**Total net change in fund balances - governmental funds (B-2)** \$ (221,977)

**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 expenses in the period. Additionally, in the Statement of Activities gains or (losses) are recognized upon disposition.

	Depreciation expense	\$ (385,337)	
	Capital outlays	<u>1,324,519</u>	
			939,182

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

(345,753)

**Change in net position of governmental activities (A-2)** \$ 371,452

*See independent auditor's report and accompanying notes to basic financial statements.*

## **Proprietary Funds**

**COMMUNITY CHARTER SCHOOL OF PATERSON  
Proprietary Funds**

**B-4**

**Statement of Net Position**

**June 30, 2020**

Assets	
Current assets:	
Cash and cash equivalents	\$ 366,878
Accounts receivable:	-
Federal	10,990
State	106
Interfund receivable - general fund	26,637
Total current assets	<u>\$ 404,611</u>
Liabilities	
Current liabilities:	
Interfund payable - general fund	\$ -
Accounts payable	36,944
Total current liabilities	<u>\$ 36,944</u>
Net position	
Unrestricted	367,667
Total net position	<u><u>\$ 367,667</u></u>

*See independent auditor's report and accompanying notes to basic financial statements.*

**COMMUNITY CHARTER SCHOOL OF PATERSON  
Proprietary Funds**

**B-5**

**Statement of Revenues, Expenditures and Changes in Net Position**

**Year ended June 30, 2020**

Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ -
Daily sales - nonreimbursable programs	-
Miscellaneous revenue	20,324
Total operating revenues	<u>20,324</u>
Operating expenses:	
Cost of sales - reimbursable programs	531,837
Cost of sales - nonreimbursable programs	-
Salaries	-
Employee benefits	-
Professional /technical service	-
Supplies and materials	-
Depreciation	-
Miscellaneous	-
Total operating expenses	<u>531,837</u>
Operating income (loss)	<u>(511,513)</u>
Nonoperating revenues:	
State sources:	
State School Lunch Program	5,677
Federal sources:	-
National School Lunch Program	312,187
National School Breakfast Program	185,131
After School Snacks	30,002
Fresh Fruits and Vegetable Program	-
Total nonoperating revenues	<u>532,997</u>
Net income/(loss) before contributions & transfers	21,484
Other financing sources:	
Transfer in/(out) - board contribution	<u>-</u>
	<u>-</u>
Change in net position	21,484
Total net position-beginning of year	<u>346,183</u>
Total net position-end of year	<u><u>\$ 367,667</u></u>

*See independent auditor's report and accompanying notes to basic financial statements.*

**COMMUNITY CHARTER SCHOOL OF PATERSON  
Proprietary Fund**

**B-6**

**Statement of Cash Flows**

**Year ended June 30, 2020**

**Cash flows from operating activities**

Operating loss	\$ (511,513)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities:	
Accounts receivable	59,054
Due to/(from) general fund	595
Accounts payable	<u>17,276</u>
Net cash used in operating activities	<u>(434,588)</u>

**Cash flows from noncapital financing activities**

Cash received from state reimbursements	5,677
Cash received from federal reimbursements	527,320
Operating subsidies and transfers from other funds	<u>-</u>
Net cash provided by noncapital financing activities	<u>532,997</u>

**Cash flows from investing activities**

Net decrease in cash and cash equivalents	98,409
Cash and cash equivalents, beginning	268,469
Cash and cash equivalents, ending	<u>\$ 366,878</u>

*See independent auditor's report and accompanying notes to basic financial statements.*

## **Fiduciary Funds**



**COMMUNITY CHARTER SCHOOL OF PATERSON  
Fiduciary Funds**

**B-7**

**Statement of Fiduciary Net Position**

**June 30, 2020**

	Student Activity Fund	Unemployment Insurance Fund	Agency Fund Payroll	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 95,485	\$ -	\$ 326,515	\$ 422,000
Interfund receivable	-	-	-	-
Total assets	\$ 95,485	\$ -	\$ 326,515	\$ 422,000
<b>Liabilities and fund balances</b>				
Liabilities:				
Payroll deductions and withholdings	\$ -	\$ -	\$ 326,515	\$ 326,515
Interfund payables	-	-	-	-
Account payable - due to students group	95,485	-	-	95,485
Total liabilities	95,485	-	326,515	422,000
<b>Net Position</b>				
Total liabilities and net position	-	-	-	-
	\$ 95,485	\$ -	\$ 326,515	\$ 422,000

*See independent auditor's report and accompanying notes to basic financial statements.*

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**Fiduciary Funds**

**B-8**

**Statement of Changes in Fiduciary Net Position**

**Year ended June 30, 2020**

	<b><u>Unemployment Compensation</u></b>
Additions:	
Board contributions	\$ -
Employee contributions	62,056
Total additions	<u>62,056</u>
Deductions:	
Unemployment payments	62,056
Total deductions	<u>62,056</u>
Change in net position	-
Net position, beginning	<u>-</u>
Net position, ending	<u><u>\$ -</u></u>

*See independent auditor's report and accompanying notes to basic financial statements.*

## **Notes to Basic Financial Statements**

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**(County of Passaic)**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2020**

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**1 Description of the Charter School and Reporting Entity**

Community Charter School of Paterson (the “Charter School” was incorporated in the State of New Jersey on September 27, 2007 as a non-for-profit corporation for the purpose of operating and maintaining a public school under a charter granted by the State of New Jersey, which promotes comprehensive educational reform by infusing innovation into the public education system. It is an instrumentality of the State of New Jersey, established to function as an education institution. The Charter School’s Board of Trustees (the Board) is responsible for the fiscal control of the Charter School. A Chief Executive Officer (CEO) is appointed by Board and is responsible for the administrative control of the Charter School. Under the existing the statutes, the Charter School’s duties and powers include, but not limited to the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure 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 of 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, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Charter School over which the Board exercises operating control. Based on the aforementioned criteria, the Charter School has no component units to be included in the reporting entity. Further, the Charter School is not includable in any other reporting entity on the basis of such criteria.

The Community Charter School of Paterson Board of Trustees also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

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

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**(County of Passaic)**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2020**

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**2 Summary of Significant Accounting Policies**

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

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

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

**A Basis of Presentation**

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

**Charter School Government-wide Financial Statements**

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

The statement of net position presents the financial condition of the governmental and business-type activities of the Charter School at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Charter School's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and 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 exceptions. 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.

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**(County of Passaic)**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2020**

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**2 Summary of Significant Accounting Policies - continued**

The governmental activities generally are financed through federal and state awards, taxes and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**Fund Financial Statements**

Fund financial statements of the Charter School are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Charter School. The New Jersey Department of Education (NJDOE) requires that all funds be reported as major, as it is considered important for public interest and to promote consistency among Charter Schools financial reporting in the State of New Jersey.

**B Fund Accounting**

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

**Governmental Funds**

Governmental funds are those funds 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 will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Charter Schools' major governmental funds:

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

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**(County of Passaic)**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2020**

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**2 Summary of Significant Accounting Policies - *continued***

As required by the New Jersey Department of Education, the Charter School included budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

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

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

***Capital Projects Fund*** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2020 there was no Capital Projects Fund.

**Proprietary Funds**

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

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

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**(County of Passaic)**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2020**

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**2 Summary of Significant Accounting Policies - *continued***

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

**Fiduciary Funds**

Fiduciary or trust and Agency Funds are used to account for assets held by the Charter School in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. This fund category includes:

***Trust Funds*** - Expendable Trust Funds (unemployment compensation) are accounted for in essentially the same manner as the governmental funds. The unemployment compensation trust fund is used to account for contributions from employees and the employer (the Charter School) and interest earned on the balance as well as payments to the State for reimbursements of unemployment claims.

***Agency Funds*** – Agency funds (*Payroll, Health Benefits and Student Activity Fund*) are used to account for the assets that the Charter School holds on behalf of others as their agent. Agency funds are custodial in nature and do not involved measurement of results of operations.

**C Measurement Focus and Basis of Accounting**

***Measurement focus*** is a term used to describe “which” transactions are recorded within the various financial statements. ***Basis of accounting*** refers to “when” transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

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



**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**(County of Passaic)**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2020**

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**2 Summary of Significant Accounting Policies - *continued***

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

**Basis of Accounting**

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

In the fund financial statements, governmental fund and agency funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. “Measurable” means the amount of the transaction can be determine and “available” means collectible with the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental funds revenues.

**D Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue fund. The budgets are submitted to the County Office and the Education Commissioner for approval. Budgets except for the special revenue fund which is prepared using a non-GAAP budgetary basis, are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by Charter School Board resolution at any time during the fiscal year subject to the limitation of P.L. 2004 c73 (S1701). The Board of Trustees did not make any material supplemental budgetary appropriations during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below.

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**(County of Passaic)**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2020**

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**2 Summary of Significant Accounting Policies - *continued***

Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental funds 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 recognized encumbrances as expenditures and also recognized the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow of the presentation of GAAP basis financial reports.

**E Cash, Cash Equivalent and Investments**

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

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

Additionally, the Charter School has adopted a cash management plan that requires it to deposit public fund 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 loss funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. established 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, bank (both state and national banks) and saving bank 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 deposit 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.

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**(County of Passaic)**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2020**

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**2 Summary of Significant Accounting Policies - *continued***

**F Short-Term Interfund Receivables/Payables**

On the fund financial statement, receivable and payables resulting from short-term (due within one year) interfund loans are classified as interfund receivable/payable. Interfund balances within governmental activities and within business-type activities are eliminated on the Government Wide Statements of Net Position.

**G Inventories and Prepaid Expenses**

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as 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.

**H Capital Assets**

Capital assets, which include leasehold improvements, equipment, furniture & fixtures and vehicles are reported in the applicable governmental or business-type activities columns of the Government-wide financial statements. Capital assets are defined by the Charter School as assets with initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company.

The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized. Donated capital assets are capitalized at estimated fair market value on the date donated. Depreciation of capital assets is computed and recorded by the straight-line method. The following estimated useful lives are used to compute depreciation:

<b><u>Description of Capital Assets</u></b>	<b><u>Estimated Lives (Years)</u></b>
Leasehold improvements	15
Equipment	5-12
Furniture and fixtures	10
Vehicle	5

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**(County of Passaic)**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2020**

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**2 Summary of Significant Accounting Policies - *continued***

**I 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. The Charter School's policy permits employees to accumulate unused sick and personal days and carry forward the full amount to subsequent years. 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.

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

The Charter School had no compensated absences as of June 30, 2020.

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

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

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

**K Deferred Revenue**

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

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**(County of Passaic)**  
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**2 Summary of Significant Accounting Policies - *continued***

**L Fund Balance and Equity**

In February 2009, the GASB issued GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (“GASB 54”). GASB 54 is effective for periods beginning after June 15, 2010 and establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

1. Nonspendable – includes amounts that cannot be spent because they either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
2. Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed – includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority.
4. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned – includes all spendable amounts not contained in the other classifications.

When both restricted and unrestricted resources are available for use, it is the Charter School’s policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the Charter School first spends committed funds, then assigned funds, and finally, unassigned funds.

**M Management Estimates**

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

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
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**2 Summary of Significant Accounting Policies - *continued***

**N On-Behalf Payments**

Revenues and expenditures of the General Fund include payment made by the state of New Jersey for Pension and social security contributions for certified teacher members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the Charter School's annual budget.

**O Net Position**

Net position represents the difference between assets and liabilities in the Government-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position are reported as restricted in the Government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
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**3 Deposits and Investments**

New Jersey statutes require that Charter Schools deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Charter schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund (NJCMF), the New Jersey Arbitrage Rebate Management Fund (NJARM) and the M.B.I.A Class.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows: The market value of the collateral must equal at least 5% of the average daily balance of collected funds on deposit.

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

The Charter School’s cash and cash equivalents are classified below to inform financial statement users about the extent to which the Charter School’s deposits and investments are exposed to custodial credit risk. As of June 30, 2020, the Charter School’s carrying amount of deposits and investments are as follows:

	General Fund	Special Revenue	Enterprise Funds	Agency Funds	Total
Cash balances	\$ 7,704,735	\$ (70,838)	\$ 366,878	\$ 422,000	\$ 8,422,775
Escrow	<u>76,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,726</u>
	<u>\$ 7,781,461</u>	<u>\$ (70,838)</u>	<u>\$ 366,878</u>	<u>\$ 422,000</u>	<u>\$ 8,499,501</u>

Operating cash accounts are held in the Charter School’s name by one banking institution. At June 30, 2020, the Charter School’s carrying amount of deposits was \$8,499,501 and the bank balance was \$8,882,517. Of the bank balance, \$250,000 of the Charter School’s cash deposits on June 30, 2020 were secured by federal deposit insurance and \$8,632,517 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Governmental Unit Deposit Protection Act (“GUDPA”).

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**(County of Passaic)**  
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**3 Deposits and Investments - *continued***

**Establishment of an Escrow Account**

During the previous year ended June 30, 2016, the Charter School established and funded an Escrow Account pursuant to an agreement signed with the New Jersey Department of Education. The required maximum of \$75,000 was fully funded. The agreement stipulates that the intended use of the escrow amount is “to pay for legal and audit expenses and any other outstanding pension benefits that would be associated with a dissolution should it occur.”

GASB Statement No. 40 requires that the Charter School disclose whether its deposits are exposed to custodial risk (risk that in the event of failure of the counterparty, the Charter School would not be able to recover the value of its deposit or investment). In general deposits are considered to be exposed to custodial risk by three categories described below:

***Category 1***

Insured or collateralized with securities held by the Charter School or by its agent in the Charter School’s name.

***Category 2***

Collateralized with securities held by the pledging public depository’s trust department or agent in the Charter School’s name.

***Category 3***

Uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository, or by its trust department or agent, but not in the Charter School’s name.

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



**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**(County of Passaic)**  
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**3 Deposits and Investments - *continued***

**Investments**

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

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

As of June 30, 2020, the Charter School did not hold any investments.

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
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**4 Capital Assets**

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2020:

<b>Governmental activities</b>	<b>Beginning Balance</b>	<b>Net Additions (Deletions)</b>	<b>Ending Balance</b>
<b>Capital assets, being depreciated:</b>			
Leasehold improvements	\$ 3,363,829	\$ 1,043,332	\$ 4,407,161
Equipment	654,548	281,187	935,735
Furniture and fixtures	13,280	-	13,280
Vehicle	20,285	-	20,285
Total capital assets being depreciated	<u>4,051,942</u>	<u>1,324,519</u>	<u>5,376,461</u>
Less accumulated depreciation for:			
Leasehold improvements	1,289,238	293,811	1,583,049
Equipment	606,641	91,526	698,167
Furniture and fixtures	13,280	-	13,280
Vehicle	20,285	-	20,285
Total accumulated depreciation	<u>1,929,444</u>	<u>385,337</u>	<u>2,314,781</u>
Total capital assets net	<u>\$ 2,122,498</u>	<u>\$ 939,182</u>	<u>\$ 3,061,680</u>

Depreciation expense of \$385,337 was charged to an unallocated function.

**5 Lease Obligations**

**Facilities Leases**

The Charter School leases its facilities under several operating lease agreements:

**75 Spruce Street, Paterson, New Jersey** – a lease covering 28,550 square foot space housing grades kindergarten through four and the administrative offices. The original lease term expired on June 30, 2015 and was renewed for a two-year term through June 30, 2017 with the stipulation that it will automatically renew for a period up to twenty (20) years (ultimately expiring on June 30, 2037) so long as the term of the Charter School’s Charter is renewed or otherwise extended for the same period of years. The basic annual rent due each fiscal year is stipulated in a schedule attached to the lease agreement. The amount paid under this lease for the year ended June 30, 2020 was \$968,914.

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**(County of Passaic)**  
**Notes to the Basic Financial Statements**  
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**5 Lease Obligations - *continued***

**Facilities Leases- *continued***

**32 Spruce Street, Paterson, New Jersey** – a five-year lease through June 30, 2016 covering 10,000 square foot space housing Kindergarten and the business office. It was renewed on July 1, 2016 for another six (6) years through June 30, 2022 at the same annual rent of \$192,784. The lease provides for the payment of the tenant’s share of the facilities operating expenses in addition to the base rent. The total amount paid under this lease for the year ended June 30, 2020 was \$247,682. Starting from July 1, 2015 the facilities house the fifth graders and the business office.

**137 Ellison Street, Paterson, New Jersey** – a five-year lease which commenced on June 1, 2013 through May 31, 2018. The total amount paid under this lease for the year ended June 30, 2020 was \$628,370 (including a monthly maintenance payment of \$11,250 or \$135,000 annually). This facility housed all 300 students in the 6<sup>th</sup>, 7<sup>th</sup>. & 8<sup>th</sup> grades. The lease was terminated June 30, 2020 in anticipation of moving to the new facilities at 8 Morris Street, Paterson, New Jersey.

**8-14 Morris Street, Paterson, New Jersey** – This is a new facility with 60,000 square foot space housing 400 students in the 5<sup>th</sup>, 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup> grades. The lease was originally signed on November 12, 2018 stipulating that the landlord be given ample time to renovate the facility to the standards required by the Charter School (the tenant) and the building codes of the New Jersey Department of Education. It was delivered to the Charter School in June 2020 and the lease expires five years from the delivery date, that is June 15, 2025. The current monthly rent is \$75,336 (\$904,032 annually). The total amount paid under this lease for the year ended June 30, 2020 was \$37,668. It should be noted that in addition to the 60,000-square foot space, the landlord is obligated by the lease agreement to construct a new gymnasium. The gymnasium has not been constructed but there is a plan to deliver it in due course.

Parking Space at 75 Spruce Street, Paterson, New Jersey - the Charter School also leases several parking spaces under an operating lease agreement at a monthly payment of \$4,080. The parking spaces are for the use of its employees who are charged reasonable monthly fees. The amount paid under this lease for the year ended June 30, 2020 was \$28,560.

Parking Space for the use of employees at 32 Spruce Street, Paterson, New Jersey - the Charter School also leases several parking spaces under an operating lease agreement at a monthly payment of approximately \$1,085. The parking spaces are for the use of its employees who are charged reasonable monthly fees. The amount paid under this lease for the year ended June 30, 2020 was \$8,570.

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
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**5 Lease Obligations - continued**

**Facilities Leases- continued**

Parking Space at 137 Ellison Street, Paterson, New Jersey - the Charter School also leases several parking spaces under an operating lease agreement at a monthly payment of approximately \$3,845. The parking spaces are for the use of its employees who are charged reasonable monthly fees. The amount paid under this lease for the year ended June 30, 2020 was \$28,720.

**Equipment Leases**

The Charter School leases office equipment (copiers) under several operating lease agreements. For the year ended June 30, 2020, the Charter School incurred \$66,137 in equipment lease expenditures.

Future minimum lease payments required under the operating leases are as follows:

<b>Year ending June 30:</b>	<b>75 Spruce Street</b>	<b>32 Spruce Street</b>	<b>8-14 Morris Street</b>	<b>Equipment Leases</b>	<b>Total</b>
2021	\$ 796,140	\$ 192,784	\$ 904,032	\$ 60,000	\$ 1,952,956
2022	804,102	192,784	904,032	-	1,900,918
2023	812,143	-	1,080,000	-	1,892,143
2024	820,264	-	1,080,000	-	1,900,264
2025	828,467	-	1,080,000	-	1,908,467
Thereafter	10,612,132	-	-	-	10,612,132
	<u>\$ 14,673,248</u>	<u>\$ 385,568</u>	<u>\$ 5,048,064</u>	<u>\$ 60,000</u>	<u>\$ 20,166,880</u>

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**(County of Passaic)**  
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**6 Pension Plans**

**Description of Plans**

Substantially all of the employees of the Charter 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 State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

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

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the formulas mentioned above, but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**(County of Passaic)**  
**Notes to the Basic Financial Statements**  
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**6 Pension Plans - *continued***

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

The Public Employees' Retirement System was established in January 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 Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the formulas mentioned above, but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

**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.

**Funding Policy**

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for noncontributory death benefits and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
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**6 Pension 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 Board.

PERS employer contributions are made annually by the Board 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 Charter School's contribution to PERS for the year ended June 30, 2020 was \$242,639.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$418,974 during the year ended June 30, 2020 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. Also, the State paid \$1,231,418 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 Charter 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.

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
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**7 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-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 \$25,353,538 as measured on June 30, 2019 and \$20,642,917 as measured on June 30, 2018.

For the year ended June 30, 2020, the Charter School recognized pension expense of \$1,495,419 and revenue of \$1,495,419 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, 2020 is based upon changes in the collective net pension liability with a measurement period of June 30, 2018 through June 30, 2019. 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, 2018 and June 30, 2019.



**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**(County of Passaic)**  
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**7 Pension Plans – GASB 68 Disclosures - *continued***

**Teachers’ Pension and Annuity Fund (TPAF) - *continued***

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.

	<b><u>June 30, 2019</u></b>	<b><u>June 30, 2018</u></b>
Collective deferred outflows of resources	\$ 9,932,767,606	\$ 12,473,998,870
Collective deferred inflows of resources	\$17,539,845,423	\$16,180,773,643
Collective net pension liability (non-employer State of New Jersey)	\$61,370,943,870	\$63,617,852,031
State's portion of the net pension liability that was associated with the Charter School	\$ 25,353,538	\$ 20,642,917
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	0.041312%	0.032448%

***Actuarial Assumptions***

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate - price	2.75%
Inflation rate - wage	3.25%
Salary increases: through 2026	1.55% - 4.45% based on years of service
Salary increases: thereafter	2.75% - 5.65% based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
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**7 Pension Plans – GASB 68 Disclosures - *continued***

**Teachers' Pension and Annuity Fund (TPAF) - *continued***

***Actuarial Assumptions - continued***

Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

***Long-Term Expected Rate of Return - continued***

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments 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, 2019 are summarized in the following table:

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
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**7 Pension Plans – GASB 68 Disclosures - *continued***

**Teachers’ Pension and Annuity Fund (TPAF) - *continued***

***Long-Term Expected Rate of Return - continued***

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Real Rate of Return</b>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
US Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

***Discount Rate***

The discount rate used to measure the State's total pension liability was 5.60% and 4.86% as of June 30, 2019 and 2018, respectively. 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 3.50% and 3.87% as of June 30, 2019 and 2018, respectively, 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 based on 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
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**7 Pension Plans – GASB 68 Disclosures - *continued***

**Teachers' Pension and Annuity Fund (TPAF) - *continued***

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

Since the Charter School's has no proportionate share of the net pension liability because of the special funding situation, the Charter School would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <https://www.nj.gov/treasury/pensions/documents/financial/gasb/gasb68-tpaf20.pdf>

***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: <https://www.nj.gov/treasury/pensions/gasb-notices.shtml>

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
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**Year Ended June 30, 2020**

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**7 Pension Plans – GASB 68 Disclosures - *continued***

**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. 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***

At June 30, 2020, the Charter School reported a liability of \$4,428,239 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2018. The Charter School's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2019 and 2018, respectively. At June 30, 2019, the Charter School's proportion was 0.0245760938% which was an increase of 0.0075129654% from its proportion measured as of June 30, 2018 which was 0.0170631284%.

For the year ended June 30, 2019, the Charter School recognized pension expense of \$242,639. At June 30, 2019, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
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**7 Pension Plans – GASB 68 Disclosures - continued**

**Public Employees’ Retirement System (PERS) - continued**

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 79,481	\$ 19,562
Changes in assumptions	442,176	1,537,028
Net difference between projected and actual earnings on pension plan investments	-	69,901
Changes in proportion and differences between Charter School's contributions and proportionate share of contributions	2,262,268	257,652
Subtotal	2,783,925	1,884,143
Charter School's contributions subsequent to the measurement date	242,639	-
Total	\$ 3,026,564	\$ 1,884,143

\$242,639 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 ending June 30, 2020, the plan measurement date is June 30, 2019) will be recognized as a reduction of the net pension liability measured as of June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30:</b>	<b>Pension Expense</b>
2020	\$ 104,136
2021	337,814
2022	301,649
2023	141,640
2024	14,544
Thereafter	-
	\$ 899,782

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
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**7 Pension Plans – GASB 68 Disclosures - continued**

**Public Employees’ Retirement System (PERS) - continued**

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

	<b>June 30, 2019</b>	<b>June 30, 2018</b>
Collective deferred outflows of resources	\$ 3,149,522,616	\$ 4,684,852,302
Collective deferred inflows of resources	\$ 7,645,087,574	\$ 7,646,736,226
Collective net pension liability (Non-State Local Group)	\$ 18,018,482,972	\$ 19,689,501,539
Charter School's portion of the net pension liability	\$ 4,428,239	\$ 3,359,645
Charter School's proportion (percentage)	0.02457609%	0.01706313%

***Actuarial Assumptions***

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation rate - price	2.75%
Inflation rate - wage	3.25%
Salary increases: through 2026	2.00%-6.00% based on years of service
Salary increases: thereafter	3.00%-7.00% based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
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**7 Pension Plans – GASB 68 Disclosures - *continued***

**Public Employees’ Retirement System (PERS) - *continued***

***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, 2019) 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, 2019 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Real Rate of Return</b>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
US Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%



**COMMUNITY CHARTER SCHOOL OF PATERSON**  
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**7 Pension Plans – GASB 68 Disclosures - *continued***

**Public Employees' Retirement System (PERS) – *continued***

***Discount Rate***

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
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**7 Pension Plans – GASB 68 Disclosures - *continued***

**Public Employees’ Retirement System (PERS) - *continued***

***Sensitivity of the Charter School’s Proportionate Share of the 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, 2019, 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:

	<b>2019</b>		
	<b>1% Decrease (5.28%)</b>	<b>Current Discount Rate (6.28%)</b>	<b>1% Increase (7.28%)</b>
Charter School's proportionate share of the pension liability	\$ 5,632,499	\$ 4,428,239	\$ 3,470,244
	<b>2018</b>		
	<b>1% Decrease (4.66%)</b>	<b>Current Discount Rate (5.66%)</b>	<b>1% Increase (6.66%)</b>
Charter School's proportionate share of the pension liability	\$ 4,224,366	\$ 3,359,645	\$ 2,634,199

***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>

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**(County of Passaic)**  
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**8 Post Retirement Benefits**

**Plan Description and Benefits Provided**

The Charter School is in a "special funding situation", as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the Charter School.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52: 14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total non-employer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

**Employees Covered by Benefit Terms.**

At June 30, 2018, the following employees were covered by the benefit terms:

*Active plan member = 216,892*

*Inactive plan members entitled to but not yet receiving benefits = 148,051*

*Inactive plan members or beneficiaries currently receiving benefits = -0-*

*Total plan members = 364,943*

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**(County of Passaic)**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2020**

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**8 Post Retirement Benefits – *continued***

**Total Non-employer OPEB Liability**

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The Charter School’s proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the Charter School did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State’s level and is not specific to the board of education/board of trustees. Note that actual numbers will be published in the [NJ State’s CAFR \(https://www.nj.gov/treasury/omb/publications/archives.shtml\)](https://www.nj.gov/treasury/omb/publications/archives.shtml)

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2018.

**Actuarial Assumptions and Other Inputs**

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.

<b>Inflation Rate</b>	2.50%	
	<b>TPAF/ABP</b>	<b>PERS</b>
Salary increases:		
Through 2026	1.55 to 4.45% based on years of service	2.00 to 6.00% based on years of service
Thereafter	1.55 to 4.45% based on years of service	3.00 to 7.00% based on years of service

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
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**Notes to the Basic Financial Statements**  
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**8 Post Retirement Benefits – *continued***

**Actuarial Assumptions and Other Inputs - *continued***

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 MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant 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, 2018 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, PFRS and PERS, 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.

**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 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.

**Discount Rate**

The discount rate for June 30, 2019 was 3.58%. This represents the municipal bond return rate as chosen by the State of New Jersey Division of Pensions and Benefits. 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.

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
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**Notes to the Basic Financial Statements**  
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**8 Post Retirement Benefits – continued**

**Changes in the Total OPEB Liability Reported by the State of New Jersey**

	<b>Increase/(Decrease) Total OPEB Liability</b>
Balance as of June 30, 2018 measurement date	\$ 46,110,832,982
Changes recognized for the fiscal year:	
Service cost	\$ 1,734,404,850
Interest on total OPEB liability	1,827,787,206
Difference between expected and actual experiences	(7,323,140,818)
Effect of changes of assumptions	622,184,027
Gross benefits paid by the State	(1,280,958,373)
Contributions from the members	37,971,171
Net changes	\$ (4,381,751,937)
Balance as of June 30, 2019 measurement date	\$ 41,729,081,045

**Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate**

The following presents the total nonemployer OPEB Liability attributable to the Charter School as of June 30, 2019 and 2018, respectively, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the Charter School would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>2019</b>		
	<b>At 1% Decrease (2.50%)</b>	<b>At 1% Discount Rate (3.50%)</b>	<b>At 1% Increase (4.50%)</b>
Total OPEB liability attributable to the Charter School	\$ 5,921,788	\$ 5,012,538	\$ 4,290,279
	<b>2018</b>		
	<b>At 1% Decrease (2.87%)</b>	<b>At 1% Discount Rate (3.87%)</b>	<b>At 1% Increase (4.87%)</b>
Total OPEB liability attributable to the Charter School	\$ 5,947,880	\$ 5,031,181	\$ 4,302,500

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
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**8 Post Retirement Benefits – continued**

**Sensitivity of Total Nonemployer OPEB Liability to Changes in the Healthcare Trend Rate**

The following presents the total nonemployer OPEB Liability attributable to the Charter School as of June 30, 2019 and 2018, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the Charter School would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>2019</b>		
	<b>At 1% Decrease</b>	<b>Healthcare Cost Trend Rate</b>	<b>At 1% Increase</b>
Total OPEB liability attributable to the Charter School	\$ 4,130,108	\$ 5,012,538	\$ 6,180,694

	<b>2018</b>		
	<b>At 1% Decrease</b>	<b>Healthcare Cost Trend Rate</b>	<b>At 1% Increase</b>
Total OPEB liability attributable to the Charter School	\$ 4,158,564	\$ 5,031,181	\$ 6,185,250

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

For the fiscal year ended June 30, 2020 the Charter School recognized OPEB expense of \$1,070,097 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.

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, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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**8 Post Retirement Benefits – continued**

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between actual and expected experience	\$ -	\$ (10,484,965,300)
Net difference between expected and actual earnings on OPEB plan investments	-	-
Assumption changes	-	(8,481,529,343)
Subtotal	-	(18,966,494,643)
Contributions made in fiscal year 2019 after June 30, 2018 measurement date	TBD	N/A
Total	\$ -	\$ (18,966,494,643)

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

<b>Measurement Period - Fiscal Year Ending June 30:</b>	<b>Total</b>
2020	\$ (2,546,527,182)
2021	\$ (2,546,527,182)
2022	\$ (2,546,527,182)
2023	\$ (2,546,527,182)
2024	\$ (2,546,527,182)
Thereafter	\$ (6,233,858,733)
	\$ (18,966,494,643)

**9 Deferred Compensation**

The Charter School offers its employees a deferred compensation plan created in accordance with the IRS code 403(b). The plan which is administered by AXA Equitable permits participants to defer a portion of their salaries until future years.

**10 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.



**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**(County of Passaic)**  
**Notes to the Basic Financial Statements**  
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**11 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, 2020, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Charter School of Paterson 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 the following:

- a. A former employee of the Charter School filed a complaint with the EEOC (Equal Employment Opportunity Commission) alleging discrimination based on race, color, sex and disability. The Charter School responded to the complaint on July 20, 2020. The EEOC issued a letter not finding any liability, and advising the former employee of their rights to bring lawsuit.
- b. On December 17, 2020, the former employee followed up on the advice of EEOC and filed a lawsuit in the United States District Court of New Jersey alleging race, gender and disability discrimination and retaliation in violation of federal law. The Charter School did not receive notice of the complaint until January 19, 2021. In the opinion of the attorney, the Charter School will endeavor to reach a settlement.

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

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
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**12 Risk Management - *continued***

The Charter School is billed quarterly for amounts due to the State. The following table is a summary of Charter School contributions, employee contributions, reimbursements to the State for benefits paid and ending balance of the Charter School's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Charter School Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$ -	\$ 62,056	\$ 62,056	\$ -
2018-2019	-	59,377	59,377	-
2017-2018	-	101,580	101,580	-

**13 Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of June 30, 2020 is as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 111,244	\$ -
Special Revenue Fund	-	137,881
Enterprise Fund	26,637	-
Trust and Agency Fund	-	-
	<u>\$ 137,881</u>	<u>\$ 137,881</u>

The above balances are the results of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in negative position. Liquidation of these interfund balances is expected within the next fiscal year.

**14 Receivables**

Receivables as of June 30, 2020 consisted of accounts, intergovernmental, grants and miscellaneous receivables. All receivables are considered collectible in full. A summary of the principal items of receivables is as follows:

State aid	\$ 106
Federal aid	236,657
Other	89,134
Total receivables	<u>\$ 325,897</u>

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**(County of Passaic)**  
**Notes to the Basic Financial Statements**  
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**15 Paycheck Protection Program Loan**

During the fiscal year ended June 30, 2020, the Charter School applied for and was approved a \$1,897,040 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. The Charter School is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.

The loan was funded on April 20, 2020. As of the date of this report, the Charter School is in the process of applying for the loan forgiveness which if successful will convert the loan to a federal government grant revenue.

**16 Subsequent Events**

The Charter School has evaluated all subsequent events occurring through the date of the independent auditor's report which is the date the financial statements were available to be issued. Based on this evaluation, the Charter School has determined that no subsequent events require disclosure in the financial statements except the following:

- **COVID-19** - In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 21, 2020, New Jersey State Governor Phil Murphy ordered the closure of the physical location of every “non-life sustaining” and “non-essential” business. The Charter School had to close its physical locations and has since been coping with the challenges posed by COVID-19. For the 2020-2021 school year, academic instructions are being planned and executed with flexibilities around virtual learning. Future potential impacts may include continued disruptions or restrictions on instructional and administrative staffs' ability to work. The Board of the Charter School continues to monitor the challenges and plans to adapt and make changes as they become necessary.

**17 Fund Balance Appropriated – General Fund (Exhibit B- 1)**

Of the \$4,105,268 General Fund balance at June 30, 2020, \$-0- is reserved for encumbrances; \$4,105,268 is unreserved and undesignated.

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**(County of Passaic)**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2020**

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**18 Related Party**

New Jersey Community Development Corporation (NJCDC), a non-profit community development and social service agency based in Paterson is the founder of the Charter School. Officials of NJCDC are members of the Board of Trustees of the Charter School. NJCDC is the landlord of the two facilities leased by the Charter School – 75 and 32 Spruce Street, Paterson, New Jersey. It was also the primary lessee on the 137 Ellison Street facilities (the Charter School was subleasing from NJCDC the lease was terminated as of June 30, 2020). In the opinion of management, the rental payments under the three leases approximate the market.

**19 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. The reconciliation is as follows:

Fund balance per B-1	\$ 4,105,268
Cost of capital assets net accumulated depreciation	3,061,680
Pension deferred outflows	3,026,564
Pension deferred inflows	(1,884,143)
Deferred pension liability as of June 30, 2020	(4,428,239)
Net position (per A-1) as of June 30, 2020	<u>\$ 3,881,130</u>

# Required Supplementary Information

## Part II

### Budgetary Comparison

**COMMUNITY CHARTER SCHOOL OF PATERSON  
General Fund**

C-1

**Budget Comparison Schedule**

**Year ended June 30, 2020**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Revenues</b>					
Local Sources:					
Local tax levy	\$ 1,092,702	\$ -	\$ 1,092,702	\$ 1,092,702	\$ -
Miscellaneous	-	-	-	137,590	137,590
Total revenues -local sources	<u>1,092,702</u>	<u>-</u>	<u>1,092,702</u>	<u>1,230,292</u>	<u>137,590</u>
State sources:					
State aid	11,897,891	-	11,897,891	12,405,569	507,678
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	418,974	418,974
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	332,607	332,607
Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted)	-	-	-	896,558	896,558
Long Term Disability Insurance (On-Behalf-Non-Budgeted)	-	-	-	2,253	2,253
Total -state sources	<u>11,897,891</u>	<u>-</u>	<u>11,897,891</u>	<u>14,055,961</u>	<u>2,158,070</u>
Total revenues	<u>12,990,593</u>	<u>-</u>	<u>12,990,593</u>	<u>15,286,253</u>	<u>2,295,660</u>
<b>Expenditures</b>					
Current expense:					
Instruction					
Salaries of teachers	3,587,504	118,370	3,705,874	3,705,874	-
Other salaries for instruction	225,455	(24,943)	200,512	200,512	-
Purchased professional technical services	4,000	(43)	3,957	3,957	-
Other purchased services	17,000	4,480	21,480	21,480	-
General educational supplies	120,000	(20,888)	99,112	99,112	-
Textbooks	52,000	187,516	239,516	239,516	-
Miscellaneous expenses	15,000	(9,505)	5,495	5,495	-
	<u>4,020,959</u>	<u>254,987</u>	<u>4,275,946</u>	<u>4,275,946</u>	<u>-</u>

**COMMUNITY CHARTER SCHOOL OF PATERSON  
General Fund**

C-1

**Budget Comparison Schedule**

**Year ended June 30, 2020**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Administrative cost:					
Salaries	1,812,657	(4,616)	1,808,041	1,808,041	-
Total benefit costs	2,410,329	(71,609)	2,338,720	1,492,174	846,546
Professional /Technical service	175,000	55,393	230,393	230,393	-
Other purchased services	264,240	61,099	325,339	325,339	-
Communications and Telephones	126,000	(114,040)	11,960	11,960	-
Supplies and materials	64,500	(24,594)	39,906	39,906	-
Miscellaneous expenses	40,000	2,648	42,648	42,648	-
	<u>4,892,726</u>	<u>(95,719)</u>	<u>4,797,007</u>	<u>3,950,461</u>	<u>846,546</u>
Support services:					
Salaries	1,220,528	(91,545)	1,128,983	1,128,983	-
Purchased prof/tech service	242,870	(27,711)	215,159	215,159	-
Other purchased services	131,252	86,651	217,903	217,903	-
Rent on land and buildings	1,841,333	221,103	2,062,436	2,062,436	-
Insurance-fidelity, liability property	76,376	28,991	105,367	105,367	-
Supplies and materials	187,185	163,911	351,096	351,096	-
Energy & Utilities	226,804	(46,249)	180,555	180,555	-
Miscellaneous expenses	66,848	(27,376)	39,472	39,472	-
Transportation other than to/from school	22,500	(16,559)	5,941	5,941	-
Food Services - Transfer to cover deficit	-	-	-	-	-
Total support services	<u>4,015,696</u>	<u>291,216</u>	<u>4,306,912</u>	<u>4,306,912</u>	<u>-</u>

**COMMUNITY CHARTER SCHOOL OF PATERSON  
General Fund**

C-1

**Budget Comparison Schedule**

**Year ended June 30, 2020**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Capital outlay:					
Instructional equipment	75,279	205,908	281,187	281,187	-
Non-instructional equipment	-	-	-	-	-
Purchase land/improvements	1,285,000	(238,837)	1,046,163	1,043,332	2,831
Miscellaneous expenses	-	-	-	-	-
Total capital outlay	<u>1,360,279</u>	<u>(32,929)</u>	<u>1,327,350</u>	<u>1,324,519</u>	<u>2,831</u>
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	418,974	(418,974)
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	332,607	(332,607)
Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted)	-	-	-	896,558	(896,558)
Long Term Disability Insurance (On-Behalf-Non-Budgeted)	-	-	-	2,253	(2,253)
Total expenditures	<u>14,289,660</u>	<u>417,555</u>	<u>14,707,215</u>	<u>15,508,230</u>	<u>428,150</u>
Excess (deficiency) of revenues over (under) expenditures	(1,299,067)	(417,555)	(1,716,622)	(221,977)	1,494,645
Fund balances, beginning of year	<u>4,327,245</u>	<u>-</u>	<u>4,327,245</u>	<u>4,327,245</u>	<u>-</u>
Fund balances, end of year	<u>\$ 3,028,178</u>	<u>\$ (417,555)</u>	<u>\$ 2,610,623</u>	<u>\$ 4,105,268</u>	<u>\$ 1,494,645</u>



**COMMUNITY CHARTER SCHOOL OF PATERSON  
Special Revenue Fund**

C-2

**Budget Comparison Schedule  
Budgetary Basis  
Year ended June 30, 2020**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Revenues</b>					
Federal sources	\$ 1,855,936	\$ -	\$ 1,855,936	\$ 1,815,532	\$ 40,404
Local sources	-	-	-	-	-
Total revenues -all sources	<u>1,855,936</u>	<u>-</u>	<u>1,855,936</u>	<u>1,815,532</u>	<u>40,404</u>
<b>Expenditures</b>					
Current Expenditures:					
Instruction:					
Salaries of teachers	1,031,611	-	1,031,611	1,031,611	-
Purchased Prof. and technical services	89,743	-	89,743	89,743	-
Other purchased services	-	-	-	-	-
General supplies	137,687	-	137,687	137,687	-
Miscellaneous expenditures	4,710	-	4,710	4,710	-
Total instruction	<u>1,263,751</u>	<u>-</u>	<u>1,263,751</u>	<u>1,263,751</u>	<u>-</u>
Support services					
Support services salaries	197,798	-	197,798	197,798	-
Employee benefits	275,422	-	275,422	275,422	-
Purchased professional services	52,886	-	52,886	23,956	28,930
Other purchased services	52,106	-	52,106	47,512	4,594
Rental	-	-	-	-	-
Supplies	13,973	-	13,973	7,093	6,880
Miscellaneous expenditures	-	-	-	-	-
Total support services	<u>592,185</u>	<u>-</u>	<u>592,185</u>	<u>551,781</u>	<u>40,404</u>
Capital Outlay:					
Facilities acquisition and construction services					
Instructional equipment	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-
Construction services	-	-	-	-	-
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 1,855,936</u>	<u>\$ -</u>	<u>\$ 592,185</u>	<u>\$ 1,815,532</u>	<u>\$ 40,404</u>

## Notes to Required Supplementary Information

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**Note to Required Supplementary Information**  
**Budget to GAAP Reconciliation**

C-3

Year ended June 30, 2020

		General Fund	Special Revenue Fund
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule:	[C-1] [C-2]	\$ 15,286,253	\$ 1,815,532
Difference - budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	\$ 15,286,253	\$ 1,815,532
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] [C-2]	\$ 15,508,230	\$ 1,815,532
Differences - budget to GAAP Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.			-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes. Net transfer (outflows) to general fund		-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 15,508,230	\$ 1,815,532

Note 1) The general fund budget basis of the use/outflow of resources is GAAP, therefore no reconciliation is required.

COMMUNITY CHARTER SCHOOL OF PATERSON

L-1

Schedule of the Charter School's Proportionate Share of the Net Pension Liability - PERS  
Last Seven Fiscal Years  
(Unaudited)

	Fiscal Year Ended June 30,						
	2019	2018	2017	2016	2015	2014	2013
Charter School's proportion of the net pension liability (assets)	0.0245760938%	0.0170631284%	0.0164703281%	0.0093782462%	0.0139802901%	0.0104217010%	0.0092776237%
Charter School's proportionate share of the net pension liability (assets)	4,428,239	3,359,645	3,834,029	2,777,568	3,138,295	1,951,227	1,773,138
Charter School's covered employee payroll	\$ 1,778,274	\$ 1,651,531	\$ 1,572,887	\$ 720,033	\$ 694,313	\$ 938,296	\$ 660,928
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll	249.02%	203.43%	243.76%	385.76%	452.00%	207.95%	268.28%
Plan fiduciary net position as a percentage of the total pension liability - local	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Note

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

COMMUNITY CHARTER SCHOOL OF PATERSON

L-2

Schedule of the Charter School's Contributions - PERS  
Last Seven Fiscal Years  
(Unaudited)

	Fiscal Year Ended June 30,						
	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 242,639	\$ 207,444	\$ 205,497	\$ 139,613	\$ 120,193	\$ 85,915	\$ 69,905
Contribution in relation to the contractually required contribution	(242,639)	(207,444)	(205,497)	(139,613)	(120,193)	(85,915)	(69,905)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered employee payroll	\$ 1,778,274	\$ 1,651,531	\$ 1,572,887	\$ 720,033	\$ 694,313	\$ 938,296	\$ 660,928
Contributions as a percentage of covered employee payroll	13.64%	12.56%	13.06%	19.39%	17.31%	9.16%	10.58%

Note

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

COMMUNITY CHARTER SCHOOL OF PATERSON

Schedule of the Charter School's Proportionate Share of the Net Pension Liability - TPAF  
Last Seven Fiscal Years  
(Unaudited)

	Fiscal Year Ended June 30,						
	2019	2018	2017	2016	2015	2014	2013
Charter School's proportion of the net pension liability (assets)**	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Charter School's proportionate share of the net pension liability (assets)**	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (assets) associated with the Charter School	\$ 25,353,538	\$ 20,642,917	\$ 14,659,299	\$ 23,156,160	\$ 18,742,901	\$ 11,228,897	\$ 11,716,500
<b>Total</b>	<b>\$ 25,353,538</b>	<b>\$ 20,642,917</b>	<b>\$ 14,659,299</b>	<b>\$ 23,156,160</b>	<b>\$ 18,742,901</b>	<b>\$ 11,228,897</b>	<b>\$ 11,716,500</b>
Charter School's covered employee payroll	\$ 3,677,833	\$ 4,133,287	\$ 3,936,464	\$ 2,107,257	\$ 2,268,474	\$ 2,939,626	\$ 2,896,989
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll**	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

COMMUNITY CHARTER SCHOOL OF PATERSON

M-1

Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the Charter School  
and Changes in the Total OPEB Liability and Related Ratios  
Public Employee's Retirement System and Teachers' Pension and Annuity Fund  
Last Four Fiscal Years

	Fiscal Year Ending			
	2019	2018	2017	2016
Total OPEB Liability				
Service cost	\$ 896,834	\$ 808,532	\$ 976,895	**
Interest cost	226,552	194,722	154,834	**
Difference between expected and actual experiences	(1,067,457)	40,167	-	**
Changes of assumptions	74,737	(577,353)	(839,856)	**
Member contributions	4,561	4,650	4,004	**
Gross benefit payments	(153,870)	(134,532)	(108,746)	**
Net change in total OPEB liability	(18,643)	336,186	187,131	**
Total OPEB liability - beginning	5,031,181	4,694,995	4,507,864	**
Total OPEB liability, ending	<u>\$ 5,012,538</u>	<u>\$ 5,031,181</u>	<u>\$ 4,694,995</u>	<u>\$ 4,507,864</u>
Covered employee payroll - PERS and TPAF	\$ 1,673,175	\$ 1,488,299	\$ 1,181,052	**
Total OPEB liability as a percentage of covered employee payroll	300%	338%	398%	0.00%
State's proportionate share of the net OPEB liability (asset) associated with the Charter School	0.01%	0.01%	0.01%	0.00%
Charter School's contributions	\$ -	\$ -	\$ -	\$ -

\*\* Information not available.

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

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**(County of Passaic)**  
**Notes to Required Supplementary Information**  
**Year Ended June 30, 2020**

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**1. Pension – Public Employees’ Retirement System (PERS)**

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.00% as of June 30, 2018 to 5.66% as of June 30, 2019.

**2. Pension – Teachers’ Pension and Annuity Fund (TPAF)**

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.25% as of June 30, 2018 to 4.86% as of June 30, 2019.

**3. Other Post-Retirement Benefit Plan – Public Employees’ Retirement System (PERS) and Teachers’ Pension and Annuity Fund (TPAF)**

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019.



## Other Supplementary Information

## School Level Schedules

## Special Revenue Fund

**COMMUNITY CHARTER SCHOOL OF PATERSON  
Special Revenue Fund**

E-1

**Combining Schedule of Program, Revenue and Expenditures  
Budgetary Basis**

Year ended June 30, 2020

	<u>Title IA 2019-2020</u>	<u>Title I Reallocated 2019-2020</u>	<u>I.D.E.A. Basic 2019-2020</u>	<u>I.D.E.A. Preschool 2019-2020</u>	<u>Title IIA 2019-2020</u>	<u>Twenty-First Century 2018-2019</u>	<u>Twenty-First Century 2019-2020</u>	<u>Total</u>
<b>Revenues</b>								
Federal sources	\$ 959,984	\$ 18,143	\$ 182,408	\$ 4,571	\$ 26,476	\$ 144,466	\$ 479,484	\$ 1,815,532
Local sources	-	-	-	-	-	-	-	-
Total revenues -all sources	<u>\$ 959,984</u>	<u>\$ 18,143</u>	<u>\$ 182,408</u>	<u>\$ 4,571</u>	<u>\$ 26,476</u>	<u>\$ 144,466</u>	<u>\$ 479,484</u>	<u>\$ 1,815,532</u>
<b>Expenditures</b>								
<b>Instruction</b>								
Salaries of teachers	\$ 656,627	\$ -	\$ 141,196	\$ -	\$ -	\$ 23,724	\$ 210,064	1,031,611
Purchased Prof. and technical services	-	-	-	-	-	16,218	73,525	89,743
Other purchased services	-	-	-	-	-	-	-	-
General supplies	64,368	18,143	-	-	-	39,444	15,732	137,687
Miscellaneous expenditures	-	-	-	-	-	4,710	-	4,710
Total instruction	<u>720,995</u>	<u>18,143</u>	<u>141,196</u>	<u>-</u>	<u>-</u>	<u>84,096</u>	<u>299,321</u>	<u>1,263,751</u>
<b>Support services</b>								
Support services salaries	26,917	-	-	-	-	43,955	126,926	197,798
Employee benefits	197,072	-	41,212	-	-	11,851	25,287	275,422
Purchased professional services	-	-	-	4,571	1,070	-	18,315	23,956
Other purchased services	15,000	-	-	-	25,406	-	7,106	47,512
Rental	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	4,564	2,529	7,093
Miscellaneous expenditures	-	-	-	-	-	-	-	-
Total support services	<u>238,989</u>	<u>-</u>	<u>41,212</u>	<u>4,571</u>	<u>26,476</u>	<u>60,370</u>	<u>180,163</u>	<u>551,781</u>
<b>Facilities acquisition and construction services</b>								
Instructional equipment	-	-	-	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-	-	-	-
Construction services	-	-	-	-	-	-	-	-
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 959,984</u>	<u>\$ 18,143</u>	<u>\$ 182,408</u>	<u>\$ 4,571</u>	<u>\$ 26,476</u>	<u>\$ 144,466</u>	<u>\$ 479,484</u>	<u>\$ 1,815,532</u>

### Capital Projects Fund

At June 30, 2020, there was no capital project fund.

## Enterprise Fund

COMMUNITY CHARTER SCHOOL OF PATERSON  
Enterprise Funds

G-1

Combining Statement of Net Position

June 30, 2020

	<u>Food Services</u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 366,878
Accounts receivable:	-
Federal	10,990
State	106
Interfund receivable - general fund	26,637
Total current assets	<u>\$ 404,611</u>
<b>Liabilities</b>	
Current liabilities:	
Interfund payable - general fund	\$ -
Accounts payable	36,944
Total current liabilities	<u>\$ 36,944</u>
<b>Net position</b>	
Unrestricted	367,667
Total net position	<u>\$ 367,667</u>

**COMMUNITY CHARTER SCHOOL OF PATERSON  
Enterprise Fund**

**G-2**

**Combining Statement of Revenues, Expenditures and Changes in Net Position**

**Year ended June 30, 2020**

	<u>Food Services</u>
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ -
Daily sales - nonreimbursable programs	-
Miscellaneous revenue	20,324
Total operating revenues	<u>20,324</u>
Operating expenses:	
Cost of sales - reimbursable programs	531,837
Cost of sales - nonreimbursable programs	-
Salaries	-
Employee benefits	-
Professional /technical service	-
Supplies and materials	-
Depreciation	-
Miscellaneous	-
Total operating expenses	<u>531,837</u>
Operating income (loss)	<u>(511,513)</u>
Nonoperating revenues:	
State sources:	
State School Lunch Program	5,677
Federal sources:	-
National School Lunch Program	312,187
National School Breakfast Program	185,131
After School Snacks	30,002
Fresh Fruits and Vegetable Program	-
Total nonoperating revenues	<u>532,997</u>
Net income/(loss) before contributions & transfers	21,484
Other financing sources:	
Transfer in/(out) - board contribution	<u>-</u>
	<u>-</u>
Change in net position	21,484
Total net position-beginning of year	<u>346,183</u>
Total net position-end of year	<u><u>\$ 367,667</u></u>



COMMUNITY CHARTER SCHOOL OF PATERSON  
Enterprise Fund

G-3

Statement of Cash Flows

Year ended June 30, 2020

	<u>Food Services</u>
<b>Cash flows from operating activities</b>	
Operating loss	\$ (511,513)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities:	
Accounts receivable	59,054
Due to/(from) general fund	595
Accounts payable	17,276
Net cash used in operating activities	<u>(434,588)</u>
<b>Cash flows from noncapital financing activities</b>	
Cash received from state reimbursements	5,677
Cash received from federal reimbursements	527,320
Operating subsidies and transfers from other funds	-
Net cash provided by noncapital financing activities	<u>532,997</u>
<b>Cash flows from investing activities</b>	
Net change in cash and cash equivalents	98,409
Cash and cash equivalents, beginning	268,469
Cash and cash equivalents, ending	<u>\$ 366,878</u>

## Fiduciary Fund

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**Fiduciary Funds**

**H-1**

**Combining Statement of Fiduciary Net Position**

**June 30, 2020**

	<u>Student Activity Fund</u>	<u>Unemployment Insurance Fund</u>	<u>Agency Fund Payroll</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 95,485	\$ -	\$ 326,515	\$ 422,000
Interfund receivable	-	-	-	-
Total assets	<u>\$ 95,485</u>	<u>\$ -</u>	<u>\$ 326,515</u>	<u>\$ 422,000</u>
<b>Liabilities and Net Position</b>				
Liabilities:				
Payroll deductions and withholdings	\$ -	\$ -	\$ 326,515	\$ 326,515
Interfund payables	-	-	-	-
Account payable - due to students group	95,485	-	-	95,485
Total liabilities	<u>95,485</u>	<u>-</u>	<u>326,515</u>	<u>422,000</u>
<b>Net Position</b>				
Total liabilities and net position	<u>\$ 95,485</u>	<u>\$ -</u>	<u>\$ 326,515</u>	<u>\$ 422,000</u>

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**Fiduciary Funds**

H-2

**Combining Statement of Changes in Fiduciary Net Position**

**Year ended June 30, 2020**

	<b><u>Unemployment Compensation</u></b>
Additions:	
Board contributions	\$ -
Employee contributions	62,056
Total additions	<u>62,056</u>
Deductions:	
Unemployment payments	62,056
Total deductions	<u>62,056</u>
Change in net position	-
Net position, beginning	<u>-</u>
Net position, ending	<u><u>\$ -</u></u>

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**Student Activity Agency Fund**  
**Schedule of Receipts and Disbursements**

H-3

Year ended June 30, 2020

	<u>Balance June 30, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2020</u>
<b>Assets</b>				
Parent council fund	\$ 89,169	\$ 39,617	\$ 33,301	\$ 95,485
Total assets	<u>\$ 89,169</u>	<u>\$ 39,617</u>	<u>\$ 33,301</u>	<u>\$ 95,485</u>

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**

H-4

Year ended June 30, 2020

	<u>Balance June 30, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2020</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 77,612	\$ 8,129,496	\$ 7,880,593	\$ 326,515
Interfund receivable	116,577	-	116,577	-
Total assets	<u>\$ 194,189</u>	<u>\$ 8,129,496</u>	<u>\$ 7,997,170</u>	<u>\$ 326,515</u>
<b>Liabilities</b>				
Payroll deductions and withholdings	\$ 194,189	\$ 8,129,496	\$ 7,997,170	\$ 326,515
Interfund payable	-	-	-	-
Total liabilities	<u>\$ 194,189</u>	<u>\$ 8,129,496</u>	<u>\$ 7,997,170</u>	<u>\$ 326,515</u>

Long Term Debt  
At June 30, 2020, there was no long term debt.

COMMUNITY CHARTER SCHOOL OF PATERSON  
 Long-Term Debt  
 Schedule of Obligations Under Renovation Loan

I-2

Year ended June 30, 2020

<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2019</u>	<u>Acquired Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2020</u>
		\$ -	\$ -	\$ -	\$ -

NONE



## Statistical Section

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**County of Passaic, New Jersey**

J-1

**Net Assets By Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*  
**(Unaudited)**

	<b>Fiscal Year Ended June 30,</b>									
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 3,061,680	\$ 2,122,498	\$ 2,176,977	\$ 1,955,215	\$ 1,977,232	\$ 1,934,268	\$ 2,003,297	\$ 1,206,807	\$ 871,838	\$ 729,341
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	819,450	1,387,180	1,146,083	1,429,863	1,196,344	1,678,167	2,171,168	2,284,864	2,012,706	2,195,940
<b>Total governmental activities net position</b>	<u>\$ 3,881,130</u>	<u>\$ 3,509,678</u>	<u>\$ 3,323,060</u>	<u>\$ 3,385,078</u>	<u>\$ 3,173,576</u>	<u>\$ 3,612,435</u>	<u>\$ 4,174,465</u>	<u>\$ 3,491,671</u>	<u>\$ 2,884,544</u>	<u>\$ 2,925,281</u>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	367,667	346,183	250,002	303,117	162,367	57,455	23,779	11,552	-	-
<b>Total business-type activities</b>	<u>\$ 367,667</u>	<u>\$ 346,183</u>	<u>\$ 250,002</u>	<u>\$ 303,117</u>	<u>\$ 162,367</u>	<u>\$ 57,455</u>	<u>\$ 23,779</u>	<u>\$ 11,552</u>	<u>\$ -</u>	<u>\$ -</u>
<b>School-wide</b>										
Invested in capital assets, net of related debt	\$ 3,061,680	\$ 2,122,498	\$ 2,176,977	\$ 1,955,215	\$ 1,977,232	\$ 1,934,268	\$ 2,003,297	\$ 1,206,807	\$ 871,838	\$ 729,341
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,187,117	1,733,363	1,396,085	1,732,980	1,358,711	1,735,622	2,194,947	2,296,416	2,012,706	2,195,940
<b>Total charter school net position</b>	<u>\$ 4,248,797</u>	<u>\$ 3,855,861</u>	<u>\$ 3,573,062</u>	<u>\$ 3,688,195</u>	<u>\$ 3,335,943</u>	<u>\$ 3,669,890</u>	<u>\$ 4,198,244</u>	<u>\$ 3,503,223</u>	<u>\$ 2,884,544</u>	<u>\$ 2,925,281</u>

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
County of Passaic, New Jersey

J-2

Changes In Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(Unaudited)

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 5,539,697	\$ 5,197,256	\$ 5,611,946	\$ 6,028,561	\$ 6,183,596	\$ 4,777,832	\$ 3,614,419	\$ 3,143,395	\$ 2,782,133	\$ 2,552,194
Support Services:										
General administration	5,946,606	5,991,083	4,948,480	4,293,551	4,329,775	2,754,677	2,571,924	1,913,770	1,621,229	1,899,409
School administrative services	4,856,440	3,170,061	3,742,396	3,855,830	3,825,839	3,635,743	3,662,800	2,881,848	2,435,510	1,841,515
On-behalf TPAF/FICA Reimbursements	2,253	1,208,455	808,345	450,527	516,300	414,838	240,372	236,801	217,182	163,391
Capital outlay	-	-	-	-	-	-	-	-	-	161,870
Unallocated depreciation	385,337	290,232	286,196	66,677	321,823	350,782	224,724	142,154	115,771	-
Total governmental activities expenses	<u>16,730,333</u>	<u>15,857,087</u>	<u>15,397,363</u>	<u>14,695,146</u>	<u>15,177,333</u>	<u>11,933,872</u>	<u>10,314,239</u>	<u>8,317,968</u>	<u>7,171,825</u>	<u>6,618,379</u>
Business-type activities:										
Food service	531,837	627,502	853,770	639,997	653,002	667,329	470,311	381,276	320,299	333,906
Child Care	-	-	-	-	-	-	-	-	-	-
Total business-type activities expense	<u>531,837</u>	<u>627,502</u>	<u>853,770</u>	<u>639,997</u>	<u>653,002</u>	<u>667,329</u>	<u>470,311</u>	<u>381,276</u>	<u>320,299</u>	<u>333,906</u>
Total charter school expenses	<u>\$ 17,262,170</u>	<u>\$ 16,484,589</u>	<u>\$ 16,251,133</u>	<u>\$ 15,335,143</u>	<u>\$ 15,830,335</u>	<u>\$ 12,601,201</u>	<u>\$ 10,784,550</u>	<u>\$ 8,699,244</u>	<u>\$ 7,492,124</u>	<u>\$ 6,952,285</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Operating grants and contributions	\$ 1,815,532	\$ 1,810,120	\$ 1,691,254	\$ 1,686,916	\$ 1,593,462	\$ 879,624	\$ 540,992	\$ 540,992	\$ 714,434	\$ 730,864
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>1,815,532</u>	<u>1,810,120</u>	<u>1,691,254</u>	<u>1,686,916</u>	<u>1,593,462</u>	<u>879,624</u>	<u>540,992</u>	<u>540,992</u>	<u>714,434</u>	<u>730,864</u>
Business-type activities:										
Charges for services										
Food service	20,324	-	1,303	96	15	13,854	14,733	14,733	9,972	-
Child care	-	-	-	-	-	-	-	-	8,075	-
Operating grants and contributions	532,997	723,683	799,352	780,651	757,899	687,151	378,095	378,095	296,706	333,906
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>553,321</u>	<u>723,683</u>	<u>800,655</u>	<u>780,747</u>	<u>757,914</u>	<u>701,005</u>	<u>392,828</u>	<u>392,828</u>	<u>314,753</u>	<u>333,906</u>
Total charter school program revenues	<u>\$ 2,368,853</u>	<u>\$ 2,533,803</u>	<u>\$ 2,491,909</u>	<u>\$ 2,467,663</u>	<u>\$ 2,351,376</u>	<u>\$ 1,580,629</u>	<u>\$ 933,820</u>	<u>\$ 933,820</u>	<u>\$ 1,029,187</u>	<u>\$ 1,064,770</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities										
Governmental activities	\$ (14,914,801)	\$ (14,046,967)	\$ (13,706,109)	\$ (13,008,230)	\$ (13,583,871)	\$ (11,054,248)	\$ (9,773,247)	\$ (7,776,976)	\$ (6,457,391)	\$ (5,887,515)
Business-type activities										
Business-type activities	21,484	96,181	(53,115)	140,750	104,912	33,676	(77,483)	11,552	(5,546)	-
Total charter school-wide net expense	<u>\$ (14,893,317)</u>	<u>\$ (13,950,786)</u>	<u>\$ (13,759,224)</u>	<u>\$ (12,867,480)</u>	<u>\$ (13,478,959)</u>	<u>\$ (11,020,572)</u>	<u>\$ (9,850,730)</u>	<u>\$ (7,765,424)</u>	<u>\$ (6,462,937)</u>	<u>\$ (5,887,515)</u>

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**County of Passaic, New Jersey**

J-2

**Changes In Net Position**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*  
**(Unaudited)**

	<b>Fiscal Year Ended June 30,</b>									
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 1,092,702	\$ 1,031,127	\$ 1,033,485	\$ 1,015,199	\$ 1,110,312	\$ 1,068,170	\$ 720,508	\$ 720,508	\$ 552,249	\$ 558,015
Grants and contributions	14,055,961	13,159,612	12,493,753	12,156,914	11,908,511	11,343,829	7,661,031	7,661,031	6,001,057	5,741,688
Miscellaneous income	137,590	42,846	116,853	47,619	126,189	31,446	2,133	2,133	2,979	45,688
Transfers	-	-	-	-	-	-	-	-	(5,546)	(26,104)
<b>Total governmental activities</b>	<b>15,286,253</b>	<b>14,233,585</b>	<b>13,644,091</b>	<b>13,219,732</b>	<b>13,145,012</b>	<b>12,443,445</b>	<b>8,383,672</b>	<b>8,383,672</b>	<b>6,550,739</b>	<b>6,319,287</b>
Business-type activities:										
Transfers	-	-	-	-	-	-	-	-	5,546	26,104
<b>Total business-type activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,546</b>	<b>26,104</b>
<b>Total charter school-wide</b>	<b>\$ 15,286,253</b>	<b>\$ 14,233,585</b>	<b>\$ 13,644,091</b>	<b>\$ 13,219,732</b>	<b>\$ 13,145,012</b>	<b>\$ 12,443,445</b>	<b>\$ 8,383,672</b>	<b>\$ 8,383,672</b>	<b>\$ 6,556,285</b>	<b>\$ 6,345,391</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 371,452	\$ 186,618	\$ (62,018)	\$ 211,502	\$ (438,859)	\$ 1,389,197	\$ (1,389,575)	\$ 606,696	\$ 98,894	\$ 457,876
Business-type activities	21,484	96,181	(53,115)	140,750	104,912	33,676	(77,483)	11,552	(5,546)	-
<b>Total charter school</b>	<b>\$ 392,936</b>	<b>\$ 282,799</b>	<b>\$ (115,133)</b>	<b>\$ 352,252</b>	<b>\$ (333,947)</b>	<b>\$ 1,422,873</b>	<b>\$ (1,467,058)</b>	<b>\$ 618,248</b>	<b>\$ 93,348</b>	<b>\$ 457,876</b>

COMMUNITY CHARTER SCHOOL OF PATERSON  
County of Passaic, New Jersey

J-3

**Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*  
(Unaudited)

	<b>Fiscal Year Ended June 30,</b>									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund										
Unreserved	\$ 4,105,268	\$ 4,327,245	\$ 3,774,122	\$ 3,662,181	\$ 3,136,995	\$ 3,413,702	\$ 2,171,168	\$ 2,284,864	\$ 2,012,706	\$ 2,192,940
Total general fund	<u>\$ 4,105,268</u>	<u>\$ 4,327,245</u>	<u>\$ 3,774,122</u>	<u>\$ 3,662,181</u>	<u>\$ 3,136,995</u>	<u>\$ 3,413,702</u>	<u>\$ 2,171,168</u>	<u>\$ 2,284,864</u>	<u>\$ 2,012,706</u>	<u>\$ 2,192,940</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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Charter School's Records

COMMUNITY CHARTER SCHOOL OF PATERSON  
County of Passaic, New Jersey

J-4

Changes in Fund Balances - Governmental Funds  
Last Ten Fiscal Years  
(Unaudited)

Function	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Revenues</b>										
Local tax levy	\$ 1,092,702	\$ 1,031,127	\$ 1,033,485	\$ 1,015,199	\$ 1,110,312	\$ 1,068,170	\$ 890,363	\$ 720,508	\$ 552,249	\$ 558,015
Miscellaneous	137,590	42,846	116,853	47,619	126,189	31,446	14,381	2,133	2,979	45,688
State sources	14,055,961	13,159,612	12,493,753	12,156,914	11,908,511	11,343,829	9,523,468	7,661,031	6,001,057	5,741,688
Federal sources	1,815,532	1,810,120	1,679,479	1,670,101	1,555,427	879,624	567,621	541,423	714,434	730,864
<b>Total revenue</b>	<b>17,101,785</b>	<b>16,043,705</b>	<b>15,323,570</b>	<b>14,889,833</b>	<b>14,700,439</b>	<b>13,323,069</b>	<b>10,995,833</b>	<b>8,925,095</b>	<b>7,270,719</b>	<b>7,076,255</b>
<b>Expenditures</b>										
Instruction	5,539,697	5,197,256	5,611,946	6,028,561	6,183,596	4,777,832	3,614,419	3,143,395	2,782,133	2,552,194
Administration	3,950,461	4,105,942	3,323,268	3,132,629	3,203,316	2,245,294	2,086,593	1,913,770	1,621,229	2,062,800
Support Services	4,858,693	4,378,516	4,550,741	4,306,357	4,342,139	4,050,581	3,903,172	3,118,649	2,658,238	1,841,515
Capital Outlay	1,324,519	235,753	507,958	44,660	365,504	281,753	1,021,214	477,123	389,353	161,870
<b>Total expenditures</b>	<b>15,673,370</b>	<b>13,917,467</b>	<b>13,993,913</b>	<b>13,512,207</b>	<b>14,094,555</b>	<b>11,355,460</b>	<b>10,625,398</b>	<b>8,652,937</b>	<b>7,450,953</b>	<b>6,618,379</b>
<b>Net change in fund balances</b>	<b>\$ 1,428,415</b>	<b>\$ 2,126,238</b>	<b>\$ 1,329,657</b>	<b>\$ 1,377,626</b>	<b>\$ 605,884</b>	<b>\$ 1,967,609</b>	<b>\$ 370,435</b>	<b>\$ 272,158</b>	<b>\$ (180,234)</b>	<b>\$ 457,876</b>

Source: Charter School's Records

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**County of Passaic, New Jersey**

J-5

**General Fund Other Local Revenue by Source**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<u>Function</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>Fiscal Year Ended June 30,</u>		<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
					<u>2016</u>	<u>2015</u>				
Other local revenues										
Miscellaneous	\$ 137,590	\$ 42,846	\$ 116,853	\$ 47,189	\$ 126,189	\$ 31,446	\$ 14,381	\$ 2,133	\$ 2,979	\$ 45,688
Total other local revenue	<u>\$ 137,590</u>	<u>\$ 42,846</u>	<u>\$ 116,853</u>	<u>\$ 47,189</u>	<u>\$ 126,189</u>	<u>\$ 31,446</u>	<u>\$ 14,381</u>	<u>\$ 2,133</u>	<u>\$ 2,979</u>	<u>\$ 45,688</u>

Source: Charter School's Records

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**County of Passaic, New Jersey**

J-10

**Ratio of Outstanding Debt By Type**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities			Bond Anticipation Notes (BANs)	Business-Type Activities	Total Charter School	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases		Capital Leases			
2011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2012	-	-	-	-	-	-	0.00%	-
2013	-	-	-	-	-	-	0.00%	-
2014	-	-	-	-	-	-	0.00%	-
2015	-	-	-	-	-	-	0.00%	-
2016	-	-	-	-	-	-	0.00%	-
2017	-	-	-	-	-	-	0.00%	-
2018	-	-	-	-	-	-	0.00%	-
2019	-	-	-	-	-	-	0.00%	-
2020	-	-	-	-	-	-	0.00%	-

**NO LONG TERM DEBT FOR THE CHARTER SCHOOL**

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



**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**County of Passaic, New Jersey**

**J-14**

**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2011	145,715	\$ 6,028,375,265	\$ 41,371	16.30%
2012	146,715	6,136,208,160	41,824	16.30%
2013	147,122	6,158,085,554	41,857	16.30%
2014	147,490	6,443,395,630	43,687	16.30%
2015	147,754	6,972,363,506	47,189	16.30%
2016	147,000	6,936,783,000	47,189	9.20%
2017	147,000	6,936,783,000	47,189	9.20%
2018	147,000	6,936,783,000	47,189	9.20%
2019	147,000	6,936,783,000	47,189	9.20%
2020	147,000	6,936,783,000	47,189	9.20%

**Source:**

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

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

<sup>c</sup> Personal capital income by municipality estimated based upon the 2010 Census published by the US Bureau of Economic Analysis.

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

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**County of Passaic, New Jersey**

**J-15**

**Principal Employers**  
**Current Year**  
**(Unaudited)**

<u><b>Employer</b></u>	<b>2020</b>	
	<b>a</b>	<b>a</b>
	<u><b>Employees</b></u>	<u><b>Rank [Optional]</b></u>
<u><b>Percentage of Total Municipal Employment</b></u>		
Saint Joseph's Reg. Medical Center	4,700	
City of Paterson	3,000	
William Paterson University	1,117	
Marcal Paper Products	1,000	
Accurate Box	180	
Frost King-Thermwell Products	Not Available	
Barnert Hospital	Not Available	
	9,997	0.00%

a Information not available.

Source: Web Site: <http://www.city-data.com/us-cities/The-Northeast/Paterson-Economy.html>

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**County of Passaic, New Jersey**

J-16

**Full-Time Equivalent Charter School Employees by Function/Program**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<u>Function/Program</u>	<u>Fiscal Year Ended June 30,</u>									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Instruction										
Regular	67	67	65	65	65	55	47	39	36	36
Special education	12	12	12	14	11	11	11	11	6	7
Vocational										
Other instruction	13	13	13	13	11	11	7	7	11	8
Support Services:										
Student & instruction related services										
General administration	8	8	8	8	8	8	8	8	7	7
School administrative services										
Other administrative services										
Central services										
Administrative Information Technology	1	1	1	1	1	1	1	1	1	1
Plant operations and maintenance	5	5	5	5	5	5	3	3	3	5
Pupil transportation										
Other support services	5	5	5	5	5	5	6	6	7	5
Special Schools										
Food Service	8	8	8	8	8	8	8	8	7	13
<b>Total</b>	<u>119</u>	<u>119</u>	<u>117</u>	<u>119</u>	<u>114</u>	<u>104</u>	<u>91</u>	<u>83</u>	<u>78</u>	<u>82</u>

**Source:** Charter School Personnel Records

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**County of Passaic, New Jersey**

J-17

**Operating Statistics**

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

Pupil/Teacher Ratio

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	<u>Pupil/Teacher Ratio</u>		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Kindergarten	Elementary				
2011	478	\$ 6,618,379	\$ 13,846	11.60%	36	1:10	1:10	478	468	-2.05%	97.91%
2012	475	7,061,600	14,867	6.70%	39	1:10	1:10	478	468	0.00%	97.91%
2013	583	8,175,814	14,024	15.78%	47	1:10	1:10	583	516	21.97%	88.51%
2014	694	9,604,184	13,839	17.47%	57	1:10	1:10	694	690	19.04%	99.42%
2015	796	11,073,707	13,912	15.30%	77	1:10	1:10	796	790	14.70%	99.25%
2016	892	13,729,051	15,391	23.98%	87	1:10	1:10	892	890	12.06%	99.78%
2017	900	13,467,547	14,964	-1.90%	92	1:10	1:10	896	890	0.45%	99.33%
2018	897	13,485,955	15,035	0.14%	90	1:10	1:10	897	890	0.11%	99.22%
2019	900	13,681,714	15,202	1.45%	92	1:10	1:10	897	890	0.00%	99.22%
2020	900	14,348,851	15,943	4.88%	92	1:10	1:10	897	890	0.00%	99.22%

**Sources:** Charter School records

**Note:** Enrollment based on annual June Charter School count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily atter

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**County of Passaic, New Jersey**

J-18

**School Building Information**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	<b>Fiscal Year Ended June 30,</b>									
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Square Feet	110,550	80,550	80,550	80,550	80,550	80,550	80,550	80,550	40,550	28,550
Capacity (students)	900	900	900	900	900	900	900	600	500	500
Enrollment	900	900	897	900	892	796	694	583	475	478

**Source:** School Records

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**County of Passaic, New Jersey**

**J-19**

**Schedule of Required Maintenance Expenditures**  
**By School Facility**  
**Last Ten Fiscal Years**  
**(Unaudited)**

2011	\$ 1,278,752
2012	1,602,693
2013	2,079,633
2014	2,763,882
2015	2,621,497
2016	2,601,564
2017	2,666,902
2018	2,868,664
2019	2,862,611
2020	3,171,988
	-
Total	<u>\$ 24,518,186</u>

\* School facilities as defined under EFCFA.  
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: Charter School records

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**County of Passaic, New Jersey**

**J-20**

**Insurance Schedule**

**June 30, 2020**  
**(Unaudited)**

	<u><b>Coverage</b></u>
Commercial property and general liability:	
<b>Property:</b>	
Personal Property	\$ 1,075,000
Business Income	3,450,000
Electronic Data Processing - Equipment Owned	60,000
Electronic Data Processing - Equipment In Transit	10,000
Employee Dishonesty	200,000
Forgery or Alteration	5,000
Building	8,100,000
<b>Commercial General Liability:</b>	
General Aggregate	3,000,000
Personal & Advertising Injury Limit	1,000,000
Damage to Premises Rented by Insured	300,000
Medical Expense Limit Per Person	5,000
Employee Benefits Liability	1,000,000
Abuse Sublimit - Per Person Limit	1,000,000
Abuse Sublimit - Aggregate Limit	1,000,000
 Automobile	 1,000,000
<b>Umbrella Liability:</b>	
Each Occurrence Limit	1,000,000
General Aggregate	1,000,000
Retained Limit	10,000
<b>Workman's Compensation:</b>	
Each Accident	1,000,000
Disease Policy Limit	1,000,000
Disease Each Employee	1,000,000
<b>Directors &amp; Officers:</b>	
Each Occurrence Limit	3,000,000
Retained Limit	5,000

Source: Charter School Records

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**County of Passaic, New Jersey**

J-21

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

**June 30, 2020**  
**(Unaudited)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	
Cash	\$ 8,077,501	\$ 5,033,513	\$ 4,283,222	
Current assets	517,870	551,369	785,957	
Capital assets, net	3,061,680	2,122,498	2,176,977	
Total assets	<u>11,657,051</u>	<u>7,707,380</u>	<u>7,246,156</u>	
Current liabilities	4,122,436	911,454	1,045,055	
Long term liabilities	-	-	-	
Total liabilities	<u>4,122,436</u>	<u>911,454</u>	<u>1,045,055</u>	
Net position	<u>\$ 7,534,615</u>	<u>\$ 6,795,926</u>	<u>\$ 6,201,101</u>	
Total revenue	\$ 17,655,106	\$ 16,767,388	\$ 16,136,000	
Total expenses	(17,262,170)	(16,484,589)	(16,251,133)	
Change in net position	<u>\$ 392,936</u>	<u>\$ 282,799</u>	<u>\$ (115,133)</u>	
Depreciation expense	\$ 385,337	\$ 290,232	\$ 286,196	
Interest expense	-	-	-	
Principal payments	-	-	-	
Interest payments	-	-	-	
Final average daily enrollment	900	900	897	
March 30th budgeted enrollment	900	900	900	
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>Three Year Cumulative</u>
<b>NEAR TERM INDICATORS:</b>				
Current ratio	2.09	6.13	4.85	13.06
Unrestricted days cash	170.79	111.45	96.20	378.45
Enrollment variance	100%	100%	100%	100%
Default	N/A	N/A	N/A	N/A

Source: Charter School Records



**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**County of Passaic, New Jersey**

J-22

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

**June 30, 2020**  
**(Unaudited)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	
Cash	\$ 8,077,501	\$ 5,033,513	\$ 4,283,222	
Current assets	517,870	551,369	785,957	
Capital assets, net	3,061,680	2,122,498	2,176,977	
Total assets	<u>11,657,051</u>	<u>7,707,380</u>	<u>7,246,156</u>	
Current liabilities	4,122,436	911,454	1,045,055	
Long term liabilities	-	-	-	
Total liabilities	<u>4,122,436</u>	<u>911,454</u>	<u>1,045,055</u>	
Net position	<u>\$ 7,534,615</u>	<u>\$ 6,795,926</u>	<u>\$ 6,201,101</u>	
Total revenue	\$ 17,655,106	\$ 16,767,388	\$ 16,136,000	
Total expenses	(17,262,170)	(16,484,589)	(16,251,133)	
Change in net position	<u>\$ 392,936</u>	<u>\$ 282,799</u>	<u>\$ (115,133)</u>	
Depreciation expense	\$ 385,337	\$ 290,232	\$ 286,196	
Interest expense	-	-	-	
Principal payments	-	-	-	
Interest payments	-	-	-	
Final average daily enrollment	900	900	897	
March 30th budgeted enrollment	900	900	900	
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<b>Three Year Cumulative</b>
<b>SUSTAINABILITY INDICATORS:</b>				
Total margin	2%	2%	-1%	1%
Debt to asset	N/A	N/A	N/A	N/A
Cash flow	\$ 3,043,988	\$ 750,291	\$ 822,219	\$ 4,616,498
Debt service coverage ratio	N/A	N/A	N/A	N/A

Source: Charter School Records

## Single Audit Section

# GERALD D. LONGO

## CERTIFIED PUBLIC ACCOUNTANT

62 OLD QUEENS BOULEVARD, MANALAPAN, NEW JERSEY 07726-3648

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K-1

### **Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

The Honorable President and  
Members of the Board of Trustees  
Community Charter School of Paterson  
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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Community Charter School of Paterson (“the Charter School”), in the County of Passaic, State of New Jersey, as of and for the year ended June 30, 2020, 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 December 20, 2020.

#### **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 our audit I did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **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.

*Gerald D. Longo, CPA*

December 20, 2020  
Manalapan, New Jersey

GERALD D. LONGO, CPA



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Gerald D. Longo, CPA  
Licensed Public School Accountant  
No. 20CS00206400

# GERALD D. LONGO

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K-2

### **Independent Auditor's Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance Required by The Uniform Guidance and State of New Jersey OMB's Circular Letter 15-08**

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

#### **Report on Compliance for Each Major Federal and State Program**

I have audited the Community Charter School of Paterson, in the County of Passaic, State of New Jersey's ("the Charter School's") compliance with the types of compliance requirements described in the OMB Compliance Supplements and 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 federal and state programs for the year ended June 30, 2020. The Charter School's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

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

#### **Auditors' Responsibility**

My responsibility is to express an opinion on compliance for each of the Charter School's major federal and 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); New Jersey Department of the Treasury Circular Letter 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, the Uniform Guidance and *State of New Jersey Department of Treasury 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 federal or 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 federal and state program. However, my audit does not provide a legal determination of the Charter School's compliance.

### **Opinion on Each Major Federal and 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 federal and state program for the year ended June 30, 2020.

### **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 federal and 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 federal and state program and to test and report on internal control over compliance in accordance with The Uniform Guidance and State of New Jersey OMB's Circular Letter 15-08, 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 federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or 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. 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 Uniform Guidance and State of New Jersey OMB's Circular Letter 15-08 and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*. Accordingly, this report is not suitable for any other purpose.

*Gerald D. Longo, CPA*

December 20, 2020  
Manalapan, New Jersey

GERALD D. LONGO, CPA

A handwritten signature in black ink that reads "Gerald D. Longo". The signature is written in a cursive style with a large, stylized "G" and "L".

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Gerald D. Longo, CPA  
Licensed Public School Accountant  
No. 20CS00206400

COMMUNITY CHARTER SCHOOL OF PATERSON

Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

Federal Grant/ Pass-Through Grantor/ Program Title	Federal C.F.D.A No.	Federal Award Identification Number	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2019	Deferred Revenue at June 30, 2019	Due to Grantor at June 30, 2019	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2020	Deferred Revenue at June 30, 2020	Due to Grantor at June 30, 2020
<b>Special Revenue Fund:</b>															
<b>U.S. Department of Education, Pass Through Programs:</b>															
<b>Passed-Through New Jersey State Department of Education</b>															
Title I Part A - FY 2019-2020	84.010A	S010A190030	7/1/19-9/30/20	\$ 959,984	\$ -	\$ -	\$ -	\$ -	\$ 959,984	\$ (959,984)	\$ -	\$ -	\$ -	\$ -	\$ -
Title I Reallocated - FY 2019-2020	84.010A	S010A190030	7/1/19-9/30/20	18,143	-	-	-	-	18,143	(18,143)	-	-	-	-	-
IDEA Part B - FY 2019-2020	84.027	H027A190100	7/1/19-9/30/20	182,403	-	-	-	-	182,408	(182,408)	-	-	-	-	-
IDEA Preschool - FY 2019-2020	84.173	H173A190114	7/1/19-9/30/20	4,571	-	-	-	-	4,571	(4,571)	-	-	-	-	-
Title II A - FY 2019-2020	84.367A	S367A190029	7/1/19-9/30/20	66,880	-	-	-	-	22,633	(26,476)	-	(3,843)	-	-	-
21st Century Grant - FY 2019-2020	84.287C	S287C190030	9/1/19-8/31/20	500,000	-	-	-	-	257,660	(479,484)	-	(221,824)	-	-	-
21st Century Grant - FY 2018-2019	84.287C	S287C180030	9/1/18-8/31/19	575,000	(32,165)	-	-	3	176,628	(144,466)	-	-	-	-	-
<b>Total Special Revenue</b>					<b>(32,165)</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>1,622,027</b>	<b>(1,815,532)</b>	<b>-</b>	<b>(225,667)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total U.S. Department of Education - Pass-Through Programs</b>					<b>(32,165)</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>1,622,027</b>	<b>(1,815,532)</b>	<b>-</b>	<b>(225,667)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Enterprise Fund:</b>															
<b>U.S. Department of Agriculture, Pass-Through Programs:</b>															
<b>Passed-Through New Jersey State Department of Agriculture</b>															
National School Lunch Program	10.555	201NJ304N1099	7/1/19-6/30/20	312,187	-	-	-	-	305,439	(312,187)	-	(6,748)	-	-	-
National School Lunch Program	10.555	191NJ304N1099	7/1/18-6/30/19	420,051	(41,420)	-	-	-	41,420	-	-	-	-	-	-
School Breakfast Program	10.553	201NJ304N1099	7/1/19-6/30/20	185,131	-	-	-	-	180,889	(185,131)	-	(4,242)	-	-	-
School Breakfast Program	10.553	191NJ304N1099	7/1/18-6/30/19	246,091	(24,398)	-	-	-	24,398	-	-	-	-	-	-
National After School Snacks	10.555	201NJ304N1099	7/1/19-6/30/20	30,002	-	-	-	-	30,002	(30,002)	-	-	-	-	-
National After School Snacks	10.555	191NJ304N1099	7/1/18-6/30/19	49,327	(3,522)	-	-	-	3,522	-	-	-	-	-	-
<b>Total Enterprise Fund/Total U.S. Department of Agriculture, Pass-Through Programs</b>					<b>(69,340)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>585,670</b>	<b>(527,320)</b>	<b>-</b>	<b>(10,990)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures of Federal Awards</b>					<b>\$ (101,505)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3</b>	<b>\$ 2,207,697</b>	<b>\$ (2,342,852)</b>	<b>\$ -</b>	<b>\$ (236,657)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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



COMMUNITY CHARTER SCHOOL OF PATERSON

Schedule of Expenditures of State Awards

Year ended June 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2019	Deferred Revenue at June 30, 2019	Due to Grantor at June 30, 2019	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2020	Deferred Revenue at June 30, 2020	Due to Grantor at June 30, 2020
<b>New Jersey State Department of Education</b>														
<b>General Fund:</b>														
Equalization Aid	20-495-034-5120-078	7/1/19-9/30/20	\$ 11,865,972	\$ -	\$ -	\$ -	\$ -	\$ -	\$12,117,743	\$ (11,865,972)	\$ -	\$ (65,824)	\$ -	\$ 185,947
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	10,917,857	(137,702)	-	137,186	-	-	137,702	-	(137,186)	-	-	-
Special Education Aid	20-495-034-5120-089	7/1/19-9/30/20	443,905	-	-	-	-	-	443,905	(443,905)	-	-	-	-
Security Aid	20-495-034-5120-084	7/1/19-9/30/20	504,394	-	-	-	-	-	504,394	(504,394)	-	-	-	-
State Adjustment Aid	20-100-034-5120-085	7/1/19-9/30/20	684,000	-	-	-	-	-	684,000	(684,000)	-	-	-	-
TPAF/FICA Reimbursements	20-495-034-5095-003	7/1/19-9/30/20	418,974	-	-	-	-	-	418,974	(418,974)	-	-	-	-
TPAF Post Retirement Medical Contribution	20-495-034-5094-001	7/1/19-9/30/20	332,607	-	-	-	-	-	332,607	(332,607)	-	-	-	-
TPAF Pension Contribution - Normal & NCGI	20-495-034-5094-002	7/1/19-9/30/20	896,558	-	-	-	-	-	896,558	(896,558)	-	-	-	-
TPAF Long Term Disability Insurance Premium	20-495-034-5094-004	7/1/19-9/30/20	2,253	-	-	-	-	-	2,253	(2,253)	-	-	-	-
Total General Fund/Total State Department of Education				(137,702)	-	137,186	-	-	15,538,136	(15,148,663)	(137,186)	(65,824)	-	185,947
<b>New Jersey State Department of Agriculture - Direct Programs</b>														
<b>Enterprise Fund:</b>														
State School lunch program	20-100-010-3350-023	7/1/19-6/30/20	5,677	-	-	-	-	-	4,867	(5,677)	-	(810)	-	-
State School lunch program	19-100-010-3350-023	7/1/18-6/30/19	8,214	(810)	-	-	-	-	810	-	-	-	-	-
Total Enterprise Fund/Total State Department of Agriculture - Direct Programs				(810)	-	-	-	-	5,677	(5,677)	-	(810)	-	-
<b>Total State Financial Assistance</b>				<b>\$ (138,512)</b>	<b>\$ -</b>	<b>\$ 137,186</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$15,543,813</b>	<b>(15,154,340)</b>	<b>\$ (137,186)</b>	<b>\$ (66,634)</b>	<b>\$ -</b>	<b>\$ 185,947</b>
<b>Less Amounts Not Subject to Single Audit:</b>														
TPAF Post Retirement Medical Contribution										332,607				
TPAF Pension Contribution - Normal & NCGI										896,558				
TPAF Long Term Disability Insurance Premium										2,253				
<b>Total Expenditures of State Financial Assistance Subject to Single Audit</b>										<b>\$ (13,922,922)</b>				

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

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**(County of Passaic)**  
**Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance**  
**Year Ended June 30, 2020**

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**1. General**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all expenditures of federal awards and state financial assistance of the Charter School. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**2. Basis of Accounting**

The accompanying schedules of expenditures of federal awards and state financial assistance 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 bases of accounting are described in Note 1 to the Charter School's basic financial statements. The information in these schedules is presented in accordance with the requirements of *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 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.

**3. Relationship to Basic Financial Statements**

Amounts reported in the accompanying schedules agree with amounts reported in the Charter School's basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements and 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 fiscal 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 accounting 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- for the general fund and \$-0- for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3).

**COMMUNITY CHARTER SCHOOL OF PATERSON  
(County of Passaic)**

**Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance  
Year Ended June 30, 2020**

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**3. Relationship to Basic Financial Statements - *continued***

Federal awards and state financial assistance revenues are reported in the Charter School's basic financial statements on a GAAP basis as follows:

	<b>Federal</b>	<b>State</b>	<b>Total</b>
General Fund	\$ -	\$ 15,148,663	\$ 15,148,663
Special Revenue Fund	1,815,532	-	1,815,532
Enterprise Fund	527,320	5,677	532,997
Total	\$ 2,342,852	\$ 15,154,340	\$ 17,497,192

**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.

**5. Other**

TPAF Social Security contribution in the amount of \$418,974 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2020. The amount reported as TPAF pension representing on-behalf employer's portion of the Pension System Contributions, Post-Retirement Medical Benefits Contributions and Long-Term Disability Insurance Premium Contributions in the amount of \$1,231,418 represents the amount paid by the State on behalf of the Charter School for the fiscal year ended June 30, 2020.

**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 expenditures of state financial assistance provides a reconciliation of state financial assistance reported in the charter school's basic financial statements and the amount subject to state single audit and major program determination.

**7. De Minimis Indirect Cost**

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

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**(County of Passaic)**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2020**

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**Part I Summary of Auditors' Results**

**Financial Statements Section**

Type of auditors' report issued: Unmodified  
 Internal control over financial reporting:

Material weaknesses identified? \_\_\_\_\_ Yes  No

Significant deficiencies identified? \_\_\_\_\_ Yes  None reported

Noncompliance material to basic financial statements noted? \_\_\_\_\_ Yes  No

**Federal Awards Section**

Internal control over major programs:

Material weaknesses identified? \_\_\_\_\_ Yes  No

Significant deficiencies identified? \_\_\_\_\_ Yes  None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	S010A180030	Title I, Part A
84.010A	S010A180030	Title I, Reallocated

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

Auditee qualifies as low-risk auditee?  Yes \_\_\_\_\_ No

**COMMUNITY CHARTER SCHOOL OF PATERSON**  
**(County of Passaic)**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2020**

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**Part I Summary of Auditors' Results**

**State Financial Assistance Section**

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

Auditee qualifies as low-risk auditee?  Yes  No

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

Internal control over major programs:

Material weaknesses identified?  Yes  No

Significant deficiencies identified?  Yes  None reported

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

Identification of Major Programs:

<u>State Grant/Program Number(s)</u>	<u>Name of State Program or Cluster</u>
20-495-034-5120-078	Equalization Aid
20-495-034-5120-089	Special Education Aid
20-495-034-5120-084	Security Aid
20-495-034-5120-085	State Adjustment Aid

**COMMUNITY CHARTER SCHOOL OF PATERSON  
(County of Passaic)  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020**

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**Part II – Schedule of Financial Statement Findings**

None

**COMMUNITY CHARTER SCHOOL OF PATERSON  
(County of Passaic)  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020**

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**Part III – Schedule of Federal Awards and State Financial Assistance**

None.

**COMMUNITY CHARTER SCHOOL OF PATERSON  
(County of Passaic)  
Summary Schedule of Prior Year Audit Findings  
Year Ended June 30, 2020**

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**There were no prior year's audit findings.**