

***PATERSON CHARTER SCHOOL FOR  
SCIENCE AND TECHNOLOGY***

***COMPREHENSIVE ANNUAL  
FINANCIAL REPORT***

***FISCAL YEAR ENDED JUNE 30, 2020***

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF THE  
PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY  
PATERSON, NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Prepared by  
Paterson Charter School for Science and Technology  
Business Office**

**And  
Barre & Company LLC CPAs**

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***INTRODUCTORY SECTION***



January 18, 2021

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

Dear Board Members and Constituents:

The comprehensive annual financial report of the Paterson Charter School for Science and Technology (the "Charter School") for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results 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.

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

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principle Officials, and an Organizational Chart of the Charter School;
- The Financial Section begins with the Independent Auditor's Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;
- The Single Audit Section – the Charter School is required to undergo an annual single audit in conformity with the provisions of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.





## **PCSST Executive Summary**

In Early 2000, concerned parents and individuals established a founding board for a proposed charter school with a science and technology focus to serve students in the city of Paterson.

The founding board for Paterson Charter School for Science and Technology (PCSST) was granted its initial charter in 2001. Due to facility issues, the school's opening was delayed for one year. In September 2003, PCSST opened its doors to 178 students in grades 6, 7 and 9 at our first location on Mill Street.

Initially, and during its first two years of operation, PCSST was located at 5-7 Mill Street in Paterson. The Mill Street location was an old and narrow, four-story 11,000 square-foot silk factory, and not an ideal facility for a school. The building's space constraints prevented the school from offering students a gym or lunchroom and provided little to no opportunity for grade level expansion or student population growth.

PCSST moved to a 68,000 square-foot building located at 276 Wabash Avenue in the fall of 2005. The Wabash Avenue location was originally a warehouse, converted into a school by the landlord. At that time, the school served students in grades 6-10, with a faculty and staff of 52. The increased space enabled PCSST to serve up to 588 students in grades 6-12, most of whom resided in Paterson.

PCSST received its first renewal in 2007. Soon thereafter, and at the request of Paterson community stakeholders, the PCSST Board of Trustees submitted an amended proposal to the NJ Department of Education in October 2008, to offer elementary education. PCSST was granted approval from the Department of Education to add grades K-5 in 2009. The following year, PCSST welcomed 180 students in grades two through five at 765 14th Avenue, the site of a former elementary school building in Paterson. At the start of the 2011-2012 academic year, the elementary campus moved to the Wabash Avenue campus, adding kindergarten and first grades, and the 7-12 campus moved to a former high school building located at 764 11th Avenue in Paterson.

PCSST received its second renewal in 2012. The following year, our high school went through the accreditation process with the Middle States Association and was granted Accreditation for Growth, a seven-year accreditation.

PCSST's facility challenge did not resolve at the 11th Avenue building. After three years, a long-term lease was not guaranteed, which forced the school to look for long-term solutions. Finally, grades 7-12 moved to an 87,200 square-foot building located at 196 West Railway Avenue in the fall of 2014. The West Railway Avenue location was originally a warehouse, converted into a school by the landlord, which was leased for a long-term home, like the Wabash Avenue building.

PCSST students started to receive Ivy League College acceptances in 2014, starting with Cornell University. This continued in 2015, with an acceptance and full scholarship to Princeton University. Ivy League acceptances have continued every year.



## PATERSON CHARTER SCHOOL FOR SCIENCE & TECHNOLOGY

**K - 1 Campus**  
**2 - 6 Campus**  
**7 - 12 (Main) Campus**

55 Main Street, Paterson, NJ 07505 P: 973-333-4729 F: 973-784-1088  
276 Wabash Avenue, Paterson, NJ 07503 P: 973-345-4400 F: 973-345-4636  
196 W. Railway Avenue, NJ 07053 P: 973-247-0600 F: 973-247-9924

[www.pcsst.org](http://www.pcsst.org)

PCSST received its third renewal and granted an expansion in 2017 to serve an additional 516 students over the following 5 years. This expansion resulted in the relocation of our kindergarten and first grade, to our new third campus located on Main Street in downtown Paterson. This location opened in September 2017.

PCSST currently has three campuses (K-1, 2-6, and 7-12) all located in Paterson, New Jersey. The K-1 campus located on Main Street in downtown Paterson accommodates 288 students, 2-6 Campus located at 276 Wabash Avenue accommodates 576 students, 7-12 campus building located at 196 West Railway Avenue accommodates 576 students.

PCSST established its athletic program in 2012, with students participating in Soccer, Volleyball, Cross Country, Basketball, Bowling, Baseball and Softball Varsity leagues. PCSST athletes have been showing great sportsmanship at their games; as a result, PCSST received the NJSIAA Sportsmanship Award in 2017. Our Boys Varsity Basketball Team earned NJIC Meadowlands Division Champion title twice; the first one in 2017 and last year.

PCSST established its JROTC program in 2010. Since its inception, the program has been a major contributing force to the school. The lion Battalion proudly takes part in the Columbus Day Parade in Manhattan every year. The PCSST JROTC Female Raiders Team attended and won the 2nd Brigade Championship in 2017. The PCSST JROTC Advanced team won the 2nd Brigade Academic Bowl in 2018. PCSST JROTC Battalion Commander from Class of 2019 received the school's first ever acceptance and enrollment to West Point Military Academy.

Since its inception, PCSST has enjoyed broad-based support from parents, students and the Paterson community at-large. As a result, the school has had to wait-list students for every academic year, except our first. Last year alone, there were over 1955 applications for enrollment.

Applications for enrollment for the 2020-21 school-year were opened on September 23rd, 2018, and as of November 26, 2019, 970 applications were received.

**1. REPORTING ENTITY AND ITS SERVICES:** Paterson Charter School for Science and Technology is an independent reporting entity within the criteria adopted by the Government Auditing Standards Board (GASB) as established by Statement No. 14, as amended. All funds of the Charter School are included in this report. Paterson Charter School for Science and Technology Board of Trustees constitutes the Charter School's reporting entity. Paterson Charter School for Science and Technology provides a full range of educational services appropriate to Grades K – 12. These services include regular, as well as special education and basic skills instruction. The Charter School completed the 2019-2020 school year with an enrollment of 1,487 students. The following details the changes in the student enrollment of the Charter School over the last five years.



Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2019-2020	1487.00	3.56%
2018-2019	1434.00	3.33%
2017-2018	1386.20	22.95%
2016-2017	1068.00	0.48%
2015-2016	1062.90	1.44%

**2. ECONOMIC CONDITION AND OUTLOOK:** Paterson is one of the largest cities in New Jersey. Industry and business is still expanding and the education level of Paterson is increasing every day. Paterson has an increasing education budget since it is an Abbott district.

**3. MAJOR INITIATIVE:** Paterson has one of the largest student populations in New Jersey yet continues to be one of the lowest performing public school districts in the state. Students at PCSST have outperformed district averages making it clear that the expansion of quality educational alternatives is much needed. PCSST operated its third charter term with its commitment to high student performance, well-structured programs, and academic, organizational and fiscal competence. The school was rated as High Performing in its peer group per The NJ School Performance Report. The school ranked for High School as Tier I School per The Charter School Performance Report.

PCSST is committed to serving all students especially highest needs students such as special education students, English Language Learners, and students who qualify for free or reduced-price lunch as well as other at-risk populations. A number of typical programs are in place to assist students and PCSST has additional support programs to enhance the opportunities for achievement of students in these populations.

Research indicates students perform better when they have a healthy breakfast. The school day begins with a morning breakfast program to start the students' day on a healthy note. In our K-1 Campus with the school wide breakfast in the classroom program 80% of students participated in the breakfast and 88% of students participated in lunch and in 2-6 Campus, it is 70% for breakfast and 82% for lunch programs. In 7- 12 Campus on average 46% of students participated in the breakfast program and 70% of the students participated in the lunch program. Although free/reduced meal eligibility rate is 84%, all students have access to free meal through CEP (Community Eligibility Provision) program.

After the COVID Closures, PCSST continues serving meals to the student population by providing "Grab & Go" packed breakfast and lunch multiple days a week. It was later extended to a whole community under the provision of the Seamless Summer Option Program.



## **Special Education Services at PCSST**

PCSST has a special education program in place for all students who are identified as eligible through child study team evaluations. IEPs are developed for each student who is eligible for special education and related services. To accomplish this, PCSST has a full time Child Study Team as well as contracted service providers from The Northern Region Educational Service Commission. This ensures that initial evaluations are conducted in timely manner for all students who are referred for special education services and that students who become eligible may receive appropriate services. Although school operated remotely during the 2nd half of the 2019-2020 the Child Study Team was able to conduct the evaluations/reevaluations in person during the summer following the health and safety protocols set by the NJDOH.

The range of special services provided by PCSST is based on the student's IEP. Philosophically, and in accordance with NJ Special Education Code, PCSST makes every attempt to keep students in the Least Restrictive Environment (LRE). Therefore, an in-class resource program where the students are supported in the general education classroom by a general education teacher and a special education teacher is our preferred option to serve students. In an In-class resource program, certified special education teachers are teamed with general education teachers in a co-teaching environment to support students in core subjects such as English, Math, Science, and Social Studies. Students may also be supported in elective courses or during specials if the IEP indicates a need. Additionally, special education aides are provided for students who need one-on-one behavior, social, organizational, and academic support. For students who are not able to function successfully in an in-class support program, the school provides a resource replacement program for English and Math where certified special education teachers pull out students for content instruction in Math and/or ELA. During remote learning, all students with IEPs were provided the required accommodations and modifications to the greatest extent possible.

Related services such as speech/language, occupational therapy, physical therapy, behavior intervention, and individual or group counseling are also available for students based on their identified needs in the IEP. Due to Covid-19 these services were delivered mostly remotely during the 2nd half of the 2019-2020 school year

An out-of-district placements is also considered for students who don't benefit from the programs and supports provided at PCSST and who need more specialized and targeted programs that are offered in private schools for students with disabilities.

Each student with an IEP who receives special services has at least an annual IEP review meeting and a three-year reevaluation process to ensure that his/her needs are met with an appropriate educational program.



## **Services for English Language Learners (ELLs)**

PCSST has a High Intensity ESL Program. All students in K-12 who are identified as English Language Learners (ELLs) based on an NJDOE-approved English Language Proficiency Test and other multiple criteria, receive a minimum of 2 periods of daily ESL Instruction. ELLs participate in an ESL pull-out program and/or an ESL Inclusion program to develop their English social and academic language proficiency. Certified ESL teachers provide ESL instruction to ELLs on a daily basis. Additionally all general education teachers are trained annually on ESL strategies for content area instruction. Due to Covid-19, ELLs services were provided remotely during the 2nd half of the 2019-2020 school year. All ELLs received accommodations and modifications based on their language proficiency level to the greatest extent possible. Furthermore, supplemental ESL services are provided through ESL after school tutoring programs or ESL Saturday Tutoring programs to students who need supplemental support. Students who score 4.5 or above on the online Access for ELLs 2.0 test and who meet other multiple criteria are exited from the ESL program and monitored for two more additional years in the general education setting.

## **Education Program**

### **Academic Performance**

The educational program focuses in the elementary grades on development of the requisite language and math skills needed to be successful in academic work and career success. At the high school level students have a diverse set of course offerings to meet their needs and interests for college and career readiness. Advanced placement and honors courses are offered in the Sciences, Mathematics, English, Social Studies, World Language, and the Arts. Graduation requirements exceed those set by the state with extra Science and Math courses required of PCSST students.

The school embeds character education in the curriculum and has an Advisory program to build relationships between students and staff while promoting college and career readiness. The Army JROTC program builds student discipline, integrity and service. PCSST also offers a full extracurricular program including 9 interscholastic sports and a variety of clubs and competition teams.

PCSST offers support to students at all grade levels. The Elementary campus has a Reading Specialist to assist primary grade students through a Reading Recovery program. She also provides ongoing literacy PDs to teachers at all grade levels to ensure proper implementation of all components of the balanced literacy approach. At the elementary level, there is an extended day period for Re-teaching and tutoring of failing and other At-Risk students. Both the elementary and high school utilize Title I funds to support a Basic Skills program that allows for both in-class and pull-out instruction to support struggling and at-risk students in any grade level. High school students have an Intervention period built into the schedule four days a week to promote the philosophy that, "Failure is Not an Option." Any student failing a subject or assessment or is not yet meeting a required standard for their grade level is required to work with their teacher to improve their grade and help them master the skills necessary for success.



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In order to address the virtual academic needs of our students and their families' work schedules, PCSST has expanded its tutoring (throughout all grade levels K-12) to after school, evening, and Saturday hours. This allows more flexibility for students to meet virtually with teachers for one to one and small group tutoring within hours that are more convenient for parent support.

A Saturday program, PASS+ focuses on developing math and language arts skills to prepare students for standardized testing. Special Education students are taught in the least restrictive environment where PCSST students predominantly follow the in class support model to insure that all students receive the same curriculum regardless of disabilities.

Key design elements implemented at PCSST are apparent in the integration of technology, the focus on science, and the use of best practices in data collection and PLC usage. Every classroom is equipped with a SmartBoard to allow for interactive use of the technology during every lesson. Teachers are all provided with laptop computers and hands free headsets to create, manage, and instruct their classes whether fully in-person, hybrid or all virtual. Every process is enhanced with the use of technology, particularly in communication with parents, students and staff. Google Tools are used extensively by the staff to share documents and resources. All grades in K-12 are now in a one-to-one device environment making the school virtually paperless and allowing electronic distribution and collection of assignments. Assessment is conducted in an electronic environment. In addition to the NJLSA assessments, PCSST also uses another technology based benchmark assessment called Linkit. Exams have been conducted completely in an electronic environment since 2018-19.

Technology is crucial to the educational experience at PCSST. Our district houses 2 computer labs at the elementary building and 3 computer labs at the high school. In addition, the high school has a one-to-one iPad program in grades 9-12. All students are given an iPad with their e-textbooks preloaded along with a variety of required apps. Teachers use Google Classroom to push content, create discussion groups, assess student progress, and collect assignments in a paperless environment. To create a one-to-one technology environment for students in upper elementary and middle grades as well, Chromebooks have been purchased for all students in grades 2-8 which they utilize effectively on a daily basis for learning and assessment. These devices have been assigned to students to use at home during virtual instruction. In grades K-1 students have access to iPads on carts and teachers share this resource to engage students in providing internet access for research, reading, independent and guided practice, writing, and assessment. In K-1, these iPads have been assigned, as needed, to students for virtual instruction.

Moreover, online educational subscriptions are integrated throughout the curriculum across all grades and subjects. Some of these programs include but are not limited to Pearson Realize Math, NEWSELA, NGSS-STEM scopes, IXL, Learning A-Z, Benchmark Education, Brainpop, Reading Eggs-Edmentum. All students have access to online digital textbooks and reading books from different genres which can also be accessed from home.

Data collection and analysis is a central element of the school culture. Use of electronic assessments allows teachers to access data in a manner timely to affect instruction. Data from standardized tests, benchmarks and teacher created assessments are used to identify at-risk students and engage them in remedial programs. English and Math teachers utilize Linkit to



track student data on standardized tests and benchmark assessments. The College Coaching Program, CCP uses data from IXL.com (a subscription-based learning site) to advance enrichment for students. IXL is also being used across 2-12 grade levels as a diagnostic tool to identify student levels in core subject areas. PLC groups, organized by grade level and departments have access to assessment and other student data, such as attendance & discipline data, to personalize intervention plans as part of the PCSST Response to Intervention program, RTI.

The educational program focuses in the elementary grades on development and building of foundational skills in math, science, reading, writing, and all other content areas. PCSST elementary utilizes a balanced literacy approach in grades K-3. Read aloud, shared reading, interactive reading, independent reading, writing workshop, and word study are combined with learning centers and guided reading and writing in all Language Arts classes across all grades in K-6. In math and science, students experience hands-on learning through manipulatives, project-based, and inquiry based approaches that help them extend and apply their mathematical and science learning in various authentic ways. Graduation requirements exceed those set by the state with extra Science and Math courses required of PCSST students. A total of 138.5 credits is required for graduation.

PCSST curriculums have been aligned to the New Jersey Student Learning Standards (NJSLs). Using the new Curricular Frameworks for Math and Language Arts, teachers and administrators have been working collaboratively during PLCs on updating curriculums to include the NJ revised standards for Math and Language Arts. The PCSST Science curriculum has also been revised to fully correlate with Next Generation Science Standards in all grades K-12. Additionally, curricular revisions were made in all content areas during PLCs to address standards that have been modified or adopted or to place more emphasis on skills that students need the most. Cross grade (K-12) vertical articulation meetings have taken place to discuss vertical alignment of knowledge and skills that need more focus across all grades.

PCSST uses a variety of assessment data to identify gaps in attainment of the standards. PARCC assessment data will show how well our students are meeting the knowledge and skills expected of them at their grade level and it will also provide information to teachers regarding where students need help and where they are excelling so that teachers can differentiate instruction to meet their needs. Linkit assessments and teacher created assessments have also been used as routine benchmark tests to track the progress of students toward achievement of the standards. This data is used to adjust the curriculum and instructional program to address gaps. The district has fully shifted to a Standards Based Grading system which clearly identifies the standards assessed in each grade level and tracks the implementation of standards in all content areas.

When looking at our district wide assessment data, we do see growth in numerous grade level cohorts from year to year. For the 2018-19 school year we saw growth in ELA cohorts in grades 4, 5, 7, & 10. We saw growth in Math cohorts in grades, 5, 6, & 8. We saw grade level achievement growth in ELA in grades 3, 4, 5, 6, 8, & 10. In math we saw grade level achievement growth in grade 3, 4, 5, 7, 8 & Algebra I. We have seen growth in across the district as a result of many factors. The switch to standards based grading in grades K-6 helped better prepare our students for rigorous state assessments. In addition, the implementation of a school wide math program allowed for friendly competition amongst the students to practice their math skills. The district wide implementation of Linkit allowed for



students to participate in PARCC practice assessments that modeled the real test. This also helped teachers with data analysis and data driven instruction. The use of Math and ELA coaches across the district also helped teachers adjust their instruction to better prepare students for standardized tests. Summer, after school, and Saturday programs were utilized to help students meet the standards and ensure they are working at grade level.

Reasons for lack of improvement across the district include teacher turn over, an influx of new students from out of district, and students working below grade level. In order to try and fix these problems the district utilized professional coaching sessions for Math and ELA teachers. An extended school year program has been implemented for special education and ELL students.

All students can participate in all academic or extracurricular programs regardless of classification or status. These include a variety of field trip opportunities for cultural enrichment such as trips to Montreal, Boston, Washington DC, or participation in the World is Our Classroom program with destinations such as England, Ireland, Italy & Greece, Costa Rica or China. Furthermore, service learning projects have taken place in Haiti for the past few years and will expand to Puerto Rico in the Spring of 2019. The College Coaching Program offers opportunities for students to visit college campuses and be exposed to the climate and culture of higher education. Each grade level or department uses field trips to provide students with cultural or content related experiences.

PCSST continued its acceptance tradition into distinguished universities with our first ever admission into West Point. Over the last five years, PCSST has had Ivy League acceptance from Cornell and Princeton University.

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

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

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





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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in subsequent year. Those amounts to be appropriated are reported as assignments of fund balance at June 30, 2020.

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

**7. OTHER INFORMATION:**

**Independent Audit** – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company LLC, CPA's, was appointed by the Board. 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. The auditor's report on the basic financial statements and specific required supplemental information is included in the financial section of the report. The auditor's reports, related specifically to the single audit, are included in the single audit section of this report.

**8. ANTI-BULLYING:** On January 5, 2011, 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. PCSST has hired a district level HIB coordinator on September 1, 2011. Building level HIB specialists are also assigned per building received adequate training. In 2019-2020, training was provided for harassment, intimidation and bullying prevention to comply with the training requirements of the Act.



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

Respectfully submitted,

A. Riza Gurcanli  
Lead Person

Matt A. Anar  
Business Administrator/Board Secretary



**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY  
PATERSON, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2020**

**Members of the Board of Trustees**

**Position**

Ayhan Koroglu

President

Legna Garcia Rodriguez

Vice President

Asli Kalkan

Member

**Other Officials**

A. Riza Gurcanli

Lead Person

Matt A. Anar

Business Administrator/  
Board Secretary

Mursel Gunes

2-6 School Coordinator

Krishana Scott

K-1 School Coordinator

Christopher M. Lessard

Treasurer

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY  
PATERSON, NEW JERSEY**

**CONSULTANTS AND ADVISORS**

***Audit Firm***

Barre & Company LLC  
Certified Public Accountants  
2204 Morris Avenue, Suite 206  
Union, NJ 07083

***Attorney***

Riker, Danzig, Scherer, Hyland and Perretti, LLP  
Attorneys at Law  
Headquarters Plaza, One Speedwell Avenue  
Morristown, NJ 07962-1981

***Official Depository***

Valley National Bank  
Government Banking Group  
1460 Valley Road  
Wayne, NJ 07470

***FINANCIAL SECTION***

**BARRE & COMPANY LLC**  
**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**  
*2204 Morris Avenue, Suite 206*  
*Union, New Jersey 07083*  
*908-686-3484*  
*FAX – 908-686-6055*  
*www.cpa-bc.com ♦ info@cpa-bc.com*

**Independent Auditor’s Report**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Paterson Charter School for Science and Technology (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***

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

***Auditor’s Responsibility***

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Paterson Charter School for Science and Technology, in the County of Passaic, State of New Jersey, as of June 30, 2020, and the respective changes in the financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively; are also presented for purposes of additional analysis and are not a required part of the basic financial statements.




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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2021 on our consideration of the Paterson Charter School for Science and Technology’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School’s 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.

  
BARRE & COMPANY LLC  
Certified Public Accountants  
Public School Accountant

  
Richard M. Barre, CPA  
Public School Accountant  
PSA Number CS-01181

Union, New Jersey  
January 18, 2021

***REQUIRED SUPPLEMENTARY INFORMATION – PART I***

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY  
PATERSON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED**

As management of the Paterson Charter School for Science and Technology ("Charter School"), we offer readers of the Charter School's financial statements this narrative discussion, overview, and analysis of the financial activities of the Charter School for the year ended June 30, 2020. We encourage readers to consider the information presented, in conjunction with additional information that we have furnished in our letter of transmittal.

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 Statements – 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 presented in the MD&A as required by GASB Statement No. 34.

### **Financial Highlights**

Key financial highlights for 2020 are as follows:

- ❖ Total net position of the governmental activities and business-type activities is \$5,759,287 at June 30, 2020. It is comprised of both current and capital assets and deferred outflows of resources less deferred inflows of resources and current and outstanding long-term liabilities.
- ❖ General revenues accounted for \$26,325,601 of total revenues or 94% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$1,737,493 or 6% percent of total revenues of \$28,063,094.
- ❖ The Charter School had \$24,725,163 in expenses; only \$1,737,493 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$26,325,601 were adequate to provide for these programs.
- ❖ Among major funds, the General Fund had \$24,261,418 in revenues and \$21,629,659 in expenditures. The General Fund's fund balance increased \$2,631,759 over 2019. This increase was anticipated by the Board of Trustees.

### **Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Paterson Charter School for Science and Technology as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Charter School's basic financial statements. The Charter School's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required and supplementary information in addition to the basic financial statements themselves.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY  
PATERSON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED  
(CONTINUED)**

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Charter School's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets, deferred outflows of resources, deferred inflows of resources and liabilities of the Charter School, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Charter School is improving or deteriorating.

The statement of activities presents information showing how the net position of the Charter School changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found starting on page 32 of this report.

**Fund Financial Statements**

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Charter School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Charter School can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Charter School maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and special revenue fund, all of which are considered to be major funds.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY  
PATERSON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED  
(CONTINUED)**

**Governmental Funds (Continued)**

The Charter School adopts an annual appropriated budget for its general fund and special revenue fund. Budgetary comparison statements have been provided as required supplementary information for the general fund and the special revenue fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found starting on page 36 of this report.

**Proprietary Funds**

The Charter School maintains proprietary fund types in the form of enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Charter School uses enterprise funds to account for the operations of its food service which is considered a major fund of the Charter School. Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary fund financial statements can be found starting on page 40 of this report.

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Charter School's own programs.

The Charter School uses agency funds to account for resources held for student activities and groups and payroll related liabilities. The Charter School uses trust funds to account for its private-purpose scholarships. The fiduciary fund financial statements can be found starting on page 44 of this report.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found starting on page 47 of this report.

**Other Information**

The required supplementary information and combining statements referred to earlier in connection with governmental funds and proprietary funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found starting on page 92 of this report.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY  
PATERSON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED  
(CONTINUED)**

**Other Information (Continued)**

Figure A-1 summarizes the major features of the Charter School's financial statements, including the portion of the Charter School's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Major Features of the Paterson Charter School for Science and Technology's  
Government-Wide and Fund Financial Statements  
(Figure A-1)**

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Charter School (except fiduciary funds)	The activities of the Charter School that are not proprietary or fiduciary, such as regular and special education and building maintenance	Activities the Charter School operates similar to private businesses: Food Service Fund	Instances in which the Charter School is the trustee or agent for someone else's resources, such as payroll agency and student activities
Required financial statements	Statement of net position  Statement of activities	Balance sheet  Statement of revenues, expenditures, and changes in fund balance	Statement of net position  Statement of revenues, expenses, and changes in net position  Statement of cash flows	Statement of fiduciary net position  Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

**The Charter School as a Whole**

The Statement of Net Position provides the perspective of the Charter School as a whole. Net position may serve as an indicator of a government's financial position. However, as noted earlier, net position is not the primary basis for decision making for each budget cycle.

The Charter School's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY  
PATERSON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED  
(CONTINUED)**

**The Charter School as a Whole (Continued)**

The following table provides a summary of net position relating to the Charter School's governmental and business-type activities as of June 30, 2020 and 2019:

**Table 1  
Net Position**

	2020	2019
<b>Assets</b>		
Current and Other Assets	\$ 8,001,936	\$ 5,329,940
Capital Assets	<u>2,870,259</u>	<u>3,089,974</u>
Total Assets	<u>10,872,195</u>	<u>8,419,914</u>
<b>Deferred Outflows of Resources</b>		
Related to Pensions	<u>1,798,476</u>	<u>1,315,852</u>
<b>Liabilities</b>		
Account and Other Payables	557,922	468,387
Other Current Liabilities	1,800	9,300
Long-Term Liabilities	<u>3,761,069</u>	<u>4,180,320</u>
Total Liabilities	<u>4,320,791</u>	<u>4,658,007</u>
<b>Deferred Inflows of Resources</b>		
Related to Pensions	<u>2,590,593</u>	<u>2,656,403</u>
<b>Net Position</b>		
Net Investment in Capital Assets	(2,644,362)	3,089,974
Unrestricted	<u>8,403,649</u>	<u>(668,618)</u>
<b>Total Net Position</b>	<u>\$ 5,759,287</u>	<u>\$ 2,421,356</u>

The largest portion of the Charter School's net position is its net investment in capital assets, e.g. buildings and improvements and furniture and equipment, less any related debt used to acquire those assets that are still outstanding, which amounts to -\$2,644,362. The Charter School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the Charter School's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The net pension liability recorded as of June 30, 2020 is the result of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date — an amendment of GASB Statement No. 68*. The decrease of \$419,251 from the prior year relates to changes in the actuarial assumptions from the prior year and the pension funding status of the State of New Jersey.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY  
PATERSON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED  
(CONTINUED)**

**The Charter School as a Whole (Continued)**

Capital assets increased due to expenses that were capitalized relating to various capital outlay exceeding current year depreciation.

The remaining balance of unrestricted net position may be used to meet the Charter School's ongoing obligations to the community they provide program services and creditors.

**Charter School Activities**

The key elements of the Charter School's changes in net position for the years ended June 30, 2020 and 2019 are as follows:

**Table 2  
Changes in Net Position**

	2020	2019
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 45,165	\$ 59,630
Operating Grants and Contributions	1,692,328	1,861,267
General Revenues:		
General Purposes	2,235,952	2,249,229
Grants and Entitlements	23,938,979	22,775,881
Other	<u>150,670</u>	<u>110,382</u>
Total Revenues	<u>28,063,094</u>	<u>27,056,389</u>
<b>Program Expenses</b>		
Instruction	8,555,078	11,462,802
Administration	9,233,950	5,081,598
Support Services	5,814,655	6,779,507
Capital Outlay	193,707	151,901
Unallocated Depreciation	69,288	39,366
Food Service	<u>858,485</u>	<u>946,122</u>
Total Program Expenses	<u>24,725,163</u>	<u>24,461,296</u>
<b>Changes in Net Position</b>	<u>\$ 3,337,931</u>	<u>\$ 2,595,093</u>

The increase in revenues is attributed to combining changes in revenue related to the local, state, and federal aid and GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which were contributions made on behalf of the Charter School by the State for post-employment health benefits.

The increase in program expenses is attributed to combining changes in expenses related to certain expenses due to the Charter School receiving local, state, and federal aid, the allocation of TPAF Social Security and Pension expenses due to the GASB 68 valuation, and post-employment health benefit expenses related to GASB 75.



**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY  
PATERSON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED  
(CONTINUED)**

**Governmental Activities**

The Charter School's total revenues were \$27,199,673 for the year ended June 30, 2020 and \$26,003,776 for 2019. Federal, state, and local grants and state aid accounted for 91% for 2020 and 91% for 2019 of revenues which includes \$2,668,536 for 2020 and \$2,192,503 for 2019 of state reimbursed TPAF social security contributions and on-behalf TPAF pension, post-retirement medical, and long-term disability insurance contributions.

The total cost of all program and services was \$22,989,810 for 2020 and \$22,644,149 for 2019. Instruction comprises 37% for 2020 and 51% for 2019 of Charter School expenses.

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Administration includes expenses associated with administrative and financial supervision of the Charter School.

Support services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development and the costs associated with operating the facility.

Capital Outlay represents instructional and/or non-instructional equipment purchased and is capitalized when such equipment is over the \$2,000 threshold.

**Business-Type Activities**

Revenues for the Charter School's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- ❖ Food service revenues exceeded expenses by \$4,936 for 2020 and \$106,491 for 2019.
- ❖ Charges for services represent \$45,165 for 2020 and \$59,630 for 2019. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced breakfast and lunches were \$815,460 for 2020 and \$990,242 for 2019.

**The Charter School's Funds**

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$25,809,482 for 2020 and \$24,459,190 for 2019 and expenditures were \$23,177,723 for 2020 and \$22,987,090 for 2019. The net change in fund balance was most significant in the general fund, an increase of \$2,631,759 in 2020 and an increase of \$1,472,100 in 2019.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY  
PATERSON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED  
(CONTINUED)**

**The Charter School's Funds (Continued)**

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 schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2020.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2019	Percent of Increase/ (Decrease)
Local Sources	\$ 2,383,826	9.24%	\$ 26,956	1.14%
State Sources	21,906,330	84.88%	1,318,093	6.40%
Federal Sources	1,519,326	5.89%	5,243	0.35%
Total	<u>\$ 25,809,482</u>	<u>100.01%</u>	<u>\$ 1,350,292</u>	

State and Federal Sources increased due to additional aid and grants funding.

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

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2019	Percent of Increase/ (Decrease)
Instruction	\$ 8,408,505	36.28%	\$ 522,936	6.63%
Administration	8,763,226	37.81%	1,249,143	16.62%
Support Services	5,810,256	25.07%	(277,350)	-4.56%
Capital Outlay	195,736	0.84%	(1,304,096)	-86.95%
Total	<u>\$ 23,177,723</u>	<u>100.00%</u>	<u>\$ 190,633</u>	

Changes in expenditures were the result of varying factors.

Under Schedule C-1, Total Benefits Cost line item is part of Administration Expenditures. For the 108 Line Budget purposes, more than half of Total Benefits Cost amount is allocated to Instruction Expenditures for teachers' benefits, hence, increasing the percentage of Instruction Expenditures up to sixty percent (60%) of Total Expenditures.

**General Fund Budgeting Highlights**

The Charter School's budget is prepared according to New Jersey statutes, 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.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY  
PATERSON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED  
(CONTINUED)**

**General Fund Budgeting Highlights (Continued)**

Over the course of the year, the Charter School revised the annual operating budget in accordance with state regulations. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts.

TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditure item to the Charter School but is required to be reflected in the financial statements.

**Capital Assets (Net of Depreciation)**

The Charter School had \$2,734,004 at June 30, 2020 and \$2,957,544 at June 30, 2019 invested in building improvements, furniture, machinery and equipment for governmental activities. The table shows the balances of capital assets (net of depreciation) for fiscal years 2020 and 2019.

	2020			Ending Balance	2019
	Beginning Balance	Additions	Retirements		
<b>Governmental Activities:</b>					
<i>Capital Assets Being Depreciated:</i>					
Building Improvements	\$ 2,353,837	\$ -	\$ -	\$ 2,353,837	\$ 2,353,837
Vehicle, Furniture, Machinery and Equipment	2,266,412	2,029	-	2,268,441	2,266,412
Totals Capital Assets Being Depreciated	<u>4,620,249</u>	<u>2,029</u>	<u>-</u>	<u>4,622,278</u>	<u>4,620,249</u>
Less Accumulated Depreciation:					
Building Improvements	183,488	69,288	-	252,776	183,488
Vehicle, Furniture, Machinery and Equipment	1,479,217	156,281	-	1,635,498	1,479,217
Total Accumulated Depreciation	<u>1,662,705</u>	<u>225,569</u>	<u>-</u>	<u>1,888,274</u>	<u>1,662,705</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>2,957,544</u>	<u>(223,540)</u>	<u>-</u>	<u>2,734,004</u>	<u>2,957,544</u>
Government Activity Capital Assets, Net	<u>\$ 2,957,544</u>	<u>\$ (223,540)</u>	<u>\$ -</u>	<u>\$ 2,734,004</u>	<u>\$ 2,957,544</u>
<b>Business-Type Activities:</b>					
<i>Capital Assets Being Depreciated:</i>					
Machinery and Equipment	\$ 305,635	\$ 26,532	\$ -	\$ 332,167	\$ 305,635
Less Accumulated Depreciation	173,205	22,707	-	195,912	173,205
Enterprise Fund Capital Assets, Net	<u>\$ 132,430</u>	<u>\$ 3,825</u>	<u>\$ -</u>	<u>\$ 136,255</u>	<u>\$ 132,430</u>

**Debt Administration**

The Charter School's net pension liability as of June 30, 2020 and 2019 was \$3,761,069 and \$4,180,320, respectively.

For more detailed information, please refer to the Notes to the Financial Statements.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY  
PATERSON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED  
(CONTINUED)**

**Factors Bearing on the Charter School's Future**

The Paterson Charter School for Science and Technology is in good financial condition presently. The Charter School is proud of its community support. A major concern is the continued enrollment growth of the Charter School with the increased reliance on federal and state funding.

In conclusion, Paterson Charter School for Science and Technology has committed itself to financial stability for many years. In addition, the Charter School's system for financial planning, budgeting, and internal financial controls are well regarded. The Charter School plans to continue its sound fiscal management to meet the challenge of the future.

**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 show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Matt A. Anar, Business Administrator/Board Secretary at Paterson Charter School for Science and Technology, 196 W. Railway Avenue, Paterson, New Jersey 07503.

**BASIC FINANCIAL STATEMENTS**

*The basic financial statements provide a financial overview of the Charter School's operation. These financial statements present the financial position and operating results of all funds as of June 30, 2020.*

## **SECTION A – GOVERNMENT-WIDE FINANCIAL STATEMENTS**

*The statement of net position and the statement of activities display information about the Charter School. These statements include the financial activities of the overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Charter School.*

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
Statement of Net Position  
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents:			
Unrestricted	\$ 7,141,750	\$ 170,448	\$ 7,312,198
Restricted	200,001		200,001
Internal Balances	9,748	(9,748)	-
Receivables	437,160	22,275	459,435
Inventories		30,302	30,302
Capital Assets, Net	2,734,004	136,255	2,870,259
	<u>10,522,663</u>	<u>349,532</u>	<u>10,872,195</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to Pensions	1,798,476		1,798,476
	<u>1,798,476</u>		<u>1,798,476</u>
Deferred Outflows of Resources	1,798,476	-	1,798,476
	<u>1,798,476</u>	<u>-</u>	<u>1,798,476</u>
<b>LIABILITIES:</b>			
Payable to District	26,694		26,694
Accounts Payable	531,228		531,228
Unearned Revenue		1,300	1,300
Other Current Liabilities	500		500
Noncurrent Liabilities:			
Net Pension Liability	3,761,069		3,761,069
	<u>4,319,491</u>	<u>1,300</u>	<u>4,320,791</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Related to Pensions	2,590,593		2,590,593
	<u>2,590,593</u>		<u>2,590,593</u>
Deferred Inflows of Resources	2,590,593	-	2,590,593
	<u>2,590,593</u>	<u>-</u>	<u>2,590,593</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	(2,780,617)	136,255	(2,644,362)
Unassigned	8,191,672	211,977	8,403,649
	<u>8,191,672</u>	<u>211,977</u>	<u>8,403,649</u>
Total Net Position	<u>\$ 5,411,055</u>	<u>\$ 348,232</u>	<u>\$ 5,759,287</u>

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

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
 Statement of Activities  
 For The Fiscal Year Ended June 30, 2020

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes In Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES:</b>							
Instruction	\$ 8,555,078	\$ -	\$ 876,868	\$ -	\$ (7,678,210)	\$ -	\$ (7,678,210)
Administration	9,233,950				(9,233,950)		(9,233,950)
Support Services	5,814,655				(5,814,655)		(5,814,655)
Capital Outlay	193,707				(193,707)		(193,707)
Unallocated Depreciation	69,288				(69,288)		(69,288)
Total Governmental Activities	23,866,678	-	876,868	-	(22,989,810)	-	(22,989,810)
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Food Service	858,485	45,165	815,460			2,140	2,140
Total Business-Type Activities	858,485	45,165	815,460	-	-	2,140	2,140
Total Primary Government	\$ 24,725,163	\$ 45,165	\$ 1,692,328	\$ -	\$ (22,989,810)	\$ 2,140	\$ (22,987,670)
<b>GENERAL REVENUES</b>							
General Purposes					\$ 2,235,952	\$ -	\$ 2,235,952
Federal and State Aid Not Restricted					23,938,979		23,938,979
Investment Earnings					50,738	2,796	53,534
Miscellaneous Income					97,136		97,136
Total General Revenues					26,322,805	2,796	26,325,601
Change in Net Position					3,332,995	4,936	3,337,931
Net Position - Beginning					2,078,060	343,296	2,421,356
Net Position - Ending					\$ 5,411,055	\$ 348,232	\$ 5,759,287

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



## **SECTION B – FUND FINANCIAL STATEMENTS**

*The combining and individual fund and account group statements and schedules present more detailed information for the individual funds in a format that segregates information by fund type. The statements are segregated as follows:*

*Governmental Funds – This section consists of the general, special revenue, capital projects, and debt service funds.*

*Proprietary Funds – This section consists of the food service program. These funds are operated in a manner to a private business enterprise.*

*Fiduciary Funds – This section consists of the unemployment compensation insurance trust fund, the student activity and the payroll agency funds.*

***GOVERNMENTAL FUNDS***

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
 Governmental Funds  
 Balance Sheet  
 June 30, 2020

	General Fund	Special Revenue Fund	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents:			
Unrestricted	\$ 7,141,750	\$ -	\$ 7,141,750
Restricted	200,001		200,001
Receivables:			
Interfund Receivables	126,357		126,357
Receivables From Other Governments	27,441	340,494	367,935
Other Receivables	60,083		60,083
<b>Total Assets</b>	<b>\$ 7,555,632</b>	<b>\$ 340,494</b>	<b>\$ 7,896,126</b>
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Current Liabilities:			
Interfund Payables	\$ -	\$ 107,467	\$ 107,467
Payable to District	26,694		26,694
Accounts Payable	38,002	233,027	271,029
Deposits Payable	500		500
<b>Total Liabilities</b>	65,196	340,494	405,690
Fund Balances:			
Unassigned:			
General Fund	7,490,436		7,490,436
<b>Total Fund Balances</b>	7,490,436	-	7,490,436
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,555,632</b>	<b>\$ 340,494</b>	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$4,622,278 and the accumulated depreciation is \$1,888,274.	2,734,004
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.	(3,761,069)
Accrued pension contributions for the June 30, 2020 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(260,199)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows related to pensions	1,798,476
Deferred inflows related to pensions	(2,590,593)
<b>Net Position of Governmental Activities</b>	<b>\$ 5,411,055</b>

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

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
 Governmental Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 For the Fiscal Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Total
<b>REVENUES:</b>			
Local Sources:			
Local Tax Levy	\$ 2,235,952	\$ -	\$ 2,235,952
Interest on Investments	50,738		50,738
Miscellaneous	97,136		97,136
<b>Total Local Sources</b>	<b>2,383,826</b>	<b>-</b>	<b>2,383,826</b>
Intermediate Sources			-
State Sources	21,837,833	68,497	21,906,330
Federal Sources	39,759	1,479,567	1,519,326
<b>Total Revenues</b>	<b>24,261,418</b>	<b>1,548,064</b>	<b>25,809,482</b>
<b>EXPENDITURES:</b>			
Current:			
Instruction	7,523,682	884,823	8,408,505
Administration	8,763,226		8,763,226
Support Services	5,227,990	582,266	5,810,256
Capital Outlay	114,761	80,975	195,736
<b>Total Expenditures</b>	<b>21,629,659</b>	<b>1,548,064</b>	<b>23,177,723</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,631,759</b>	<b>-</b>	<b>2,631,759</b>
<b>FUND BALANCES, JULY 1</b>	<b>4,858,677</b>	<b>-</b>	<b>4,858,677</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 7,490,436</b>	<b>\$ -</b>	<b>\$ 7,490,436</b>

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

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
 Reconciliation of the Statement of Revenues, Expenditures  
 And Changes in Fund Balances of Governmental Funds  
 To the Statement of Activities  
 For the Fiscal Year Ended June 30, 2020

Total net change in fund balances - governmental fund (from B-2)		\$	2,631,759
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>			
Depreciation Expense		\$ (225,569)	
Capital Outlay		<u>2,029</u>	(223,540)
<p>Pension costs associated with the PERS pension plan are reported in the governmental funds as expenditures in the year the school pension contribution is paid. However, on the statement of activities, the net difference between the current and prior year net pension liability is recognized.</p>			
			<u>924,776</u>
Change in net position of governmental activities		\$	<u><u>3,332,995</u></u>

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

***PROPRIETARY FUNDS***

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Proprietary Fund  
 Statement of Net Position  
 June 30, 2020

	Business-Type Activities Enterprise Fund
	<u>Food Service Programs</u>
	<u>School Nutrition</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 170,448
Intergovernmental Accounts Receivable:	
Federal	18,907
State	2,814
Other Receivables	554
Inventories	30,302
	<hr/>
Total Current Assets	223,025
	<hr/>
Noncurrent Assets:	
Machinery and Equipment	332,167
Less Accumulated Depreciation	(195,912)
	<hr/>
Total Noncurrent Assets	136,255
	<hr/>
Total Assets	\$ 359,280
	<hr/> <hr/>
<b>LIABILITIES AND NET POSITION:</b>	
Liabilities:	
Interfund Accounts Payable	\$ 9,748
Unearned Revenue	1,300
	<hr/>
Total Liabilities	11,048
	<hr/>
Net Position:	
Net Investment in Capital Assets	136,255
Unassigned	211,977
	<hr/>
Total Net Position	348,232
	<hr/>
Total Liabilities and Net Position	\$ 359,280
	<hr/> <hr/>

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

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
Proprietary Fund  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
For the Fiscal Year Ended June 30, 2020

	Business-Type Activities Enterprise Fund
	Food Service Programs School Nutrition
<b>OPERATING REVENUES:</b>	
Charges for Services:	
Daily Sales - Program (Reimbursable Program) Meals	\$ -
Daily Sales - Non-Program (Non-Reimbursable Program) Meals	45,165
	45,165
Total Operating Revenues	45,165
<b>OPERATING EXPENSES:</b>	
Cost of Sales - Program (Reimbursable Program) Meals	386,484
Cost of Sales - Non-Program (Non-Reimbursable Program) Meals	19,808
Salaries	300,193
Management Fees	40,000
Purchased Prof/Tech Services	10,439
Supplies and Materials	37,558
Depreciation Expense	22,707
Miscellaneous Expenses	41,296
	858,485
Total Operating Expenses	858,485
<b>OPERATING LOSS</b>	<b>(813,320)</b>
<b>NONOPERATING REVENUES:</b>	
State Source:	
State School Lunch Program	10,896
Federal Source:	
National School Breakfast/Lunch/Snack Programs	713,779
Food Distribution Program	74,413
Interest Earned	2,796
	818,256
Total Nonoperating Revenues	818,256
<b>CHANGE IN NET POSITION</b>	<b>4,936</b>
<b>TOTAL NET POSITION, JULY 1</b>	<b>343,296</b>
<b>TOTAL NET POSITION, JUNE 30</b>	<b>\$ 348,232</b>

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



**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
 Proprietary Fund  
 Statement of Cash Flows  
 For the Fiscal Year Ended June 30, 2020

	Business-Type Activities
	Enterprise Fund
	Food Service Programs
	School Nutrition
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash Received from Customers	\$ 185,037
Cash Payments to Suppliers and Employees	(850,264)
	(665,227)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Cash Received From State And Federal Reimbursements	815,460
	815,460
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest on Deposits and Investments	2,796
	2,796
Net Increase In Cash And Cash Equivalents	126,497
Cash And Cash Equivalents, Beginning Of Year	43,951
Cash And Cash Equivalents, End Of Year	\$ 170,448
<b>Reconciliation of Operating Loss to Net Cash Used In Operating Activities:</b>	
Operating Loss Used In Operating Activities	\$ (813,320)
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities:	
Depreciation	22,707
Change In Assets And Liabilities:	
Increase In Receivables From Other Governments	139,299
Decrease In Other Receivables	573
Increase In Inventories	(16,516)
Increase In Interfund Payable	3,383
Decrease In Deferred Revenue	(1,353)
	(665,227)
Net Cash Used For Operating Activities	\$ (665,227)

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

***FIDUCIARY FUNDS***

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
 Fiduciary Funds  
 Statement of Fiduciary Net Position  
 June 30, 2020

	Scholarships Trust Account	Agency Funds
<b>ASSETS:</b>		
Cash and Cash Equivalents	\$ -	\$ 123,177
Total Assets	-	\$ 123,177
<b>LIABILITIES:</b>		
Interfund Accounts Payable		\$ 9,142
Payroll Deductions and Withholdings		(3,426)
Due to Student Groups		117,460
Total Liabilities	-	\$ 123,176
<b>NET POSITION:</b>		
Reserved for Scholarships	-	
Total Liabilities and Net Position	\$ -	

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

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
 Fiduciary Funds  
 Statement of Changes in Fiduciary Net Position  
 For Fiscal Year Ended June 30, 2020

	Scholarships Trust Account
ADDITIONS:	
Interest	\$ -
Scholarships Contributions	-
	-
Total Additions	-
DEDUCTIONS:	
Scholarships Disbursements	-
	-
Total Deductions	-
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING OF THE YEAR	-
NET POSITION - END OF THE YEAR	\$ -

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

***NOTES TO THE BASIC FINANCIAL STATEMENTS***

# PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2020

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Basis of Presentation

The financial statements of Paterson Charter School for Science and Technology (the "Charter School") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the Charter School follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the Charter School are described below.

### B. Reporting Entity

The Charter School is a non-profit corporation organized under the laws of the State of New Jersey, established in 2002 to operate and maintain a public school under a charter granted by the State of New Jersey. The Charter School consists of seven members and must comply with the Charter School Program Act of 1995 and regulations promulgated thereunder.

The primary criterion for including activities within the Charter School's reporting entity are set forth in Statement No. 14 of the Governmental Accounting Standards Board entitled "The Financial Reporting Entity" (GASB 14) as amended, as codified in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*. Under GASB Statement No. 14 as amended, the financial reporting entity is determined by the degree of oversight responsibility maintained by the Charter School. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Charter School over which it exercises operating control. The operations of the Paterson Charter School for Science and Technology include three schools: a Grade K-1, a Grade 2-6 and a Grade 7-12 located in the City of Paterson. There are no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

### C. Basic Financial Statements – Government-Wide Statements

The statement of net position and the statement of activities display information about the Charter School. These statements include the financial activities of the Charter School, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Charter School. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basic Financial Statements – Government-Wide Statements (Continued)**

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements.

Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) 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, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the Charter School.

**D. Basic Financial Statements – Fund Financial Statements**

The financial transactions of the Charter School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Charter School:

**Governmental Fund Types**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Charter School.

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

As required by the New Jersey State Department of Education, the Charter School includes 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

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basic Financial Statements – Fund Financial Statements (Continued)**

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, local property taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings 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 are 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, the Charter School do not have Capital Projects Fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs. As of June 30, 2020, the Charter School do not have Debt Service Fund.

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

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



**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basic Financial Statements – Fund Financial Statements (Continued)**

Governments should establish a policy that defines operating revenues and expenses that is appropriate to the nature of the activity being reported, and use it consistently from period to period. Transactions for which cash flows are reported as capital and related financing activities, non-capital financing activities, or investing activities normally would not be reported as components of operating income.

The Charter School's Enterprise Fund are comprised of the Food Service Fund operations.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	12 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

In its accounting and financial reporting, the Charter School follows the pronouncements of the GASB.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements; however, interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Charter School enterprise funds are charges for daily sales of food, special functions and miscellaneous receipts. Operating expenses for proprietary funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basic Financial Statements – Fund Financial Statements (Continued)**

Fiduciary Fund Types - Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Charter School programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expense of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

The Charter School's fiduciary funds are presented in the fiduciary fund financial statements by type (Scholarships, Unemployment Compensation and Agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Trust Funds – The unemployment compensation fund is used to account for contributions from the Charter School and employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. Although there is no formal trust agreement, the State of New Jersey requires charter schools to include the unemployment compensation trust as a private-purpose trust fund in the fiduciary fund. The principal and income deposited into this fund are for the sole benefit of the specific individuals or former employees. The management of the Charter School is not involved in determining the amounts current employees contribute to the fund or amounts paid out by the fund. That determination is made by the State of New Jersey. The Unemployment Compensation Fund is recorded as a trust fund because there is no debt issued related to unemployment compensation claims.

Agency Funds (Payroll, Payroll Agency, Student Activity and Athletic Funds): The agency funds are used to account for the assets that the Charter School holds on behalf of others as their agent. These are custodial in nature and do not involve measurement of results of operations.

In accordance with GASB Statement 34, fiduciary funds are not included in the government-wide financial statements.

**E. Measurement Focus and Basis of Accounting**

The government-wide proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus and Basis of Accounting (Continued)**

flows take place. Non-exchange transactions, in which the Charter School gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, property taxes, grants, entitlements and donations.

Government funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

The Charter School considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**F. Budgets/Budgetary Control**

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 legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

The following presents a reconciliation of the special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting:

Total Revenues & Expenditures (Budgetary Basis)	\$ 1,548,064
Adjustments:	
Less Encumbrances at June 30, 2020	-
Plus Encumbrances at June 30, 2019	-
Total Revenues and Expenditures (GAAP Basis)	<u>\$ 1,548,064</u>

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets/Budgetary Control (Continued)**

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Note A in the Required Supplementary Information Section.

**G. Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity**

1. Deposits and Investments

Deposits are cash and cash equivalents including petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be Investments. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

Additionally, the Charter School had adopted a cash management plan that 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 a loss of funds on deposit with a failed banking institution in New Jersey.

2. Short-term Interfund Receivables/Payables

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

3. Inventories

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

4. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity (Continued)**

Capital Assets (Continued)

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on the following assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and Equipment	5-10 years
Land Improvements	10-20 years
Other Infrastructure	10-50 years

Land and Construction in Progress are not depreciated.

GASB No. 34 requires the Charter School to report and depreciate new infrastructure assets include roads, parking lots, underground pipe, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The Charter School has included all infrastructure assets in the current fiscal year.

2. Fund Equity

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

3. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

4. Net Position/Fund Balance

The Charter School implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, during the current fiscal year. This statement defines net position as the residual of all other elements presented in statement of financial position. It is the difference between (1) assets and deferred outflows of resources and (2) liabilities and

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity (Continued)**

deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

In the Government-Wide Statements, there are three classes of net position:

Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets or related debt also should be included.

Restricted Net Position – reports net position when constraints placed on the residual amount of noncapital assets are either imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – any portion of net position not already classified as either net investment in capital assets or net position-restricted.

**H. Fund Balance Reserves**

In the fund financial statements, governmental funds report the following classifications of fund balance:

Unassigned – Includes amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund. The Charter School reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Charter School considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the Charter School considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

**I. Impact of Recently Issued Accounting Principles**

Recently Issued Accounting Pronouncements

Other GASB Statements that the Charter School is currently reviewing for applicability and potential impact on the financial statements include:

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Impact of Recently Issued Accounting Principles (Continued)**

During fiscal year 2020, the Charter School did not adopt any new GASB statements.

**The GASB has issued the following Statements that will become effective for the Charter School for fiscal years ending after June 30, 2020**

Statement No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.

Statement No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

**J. Pensions**

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 pension of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

**A. Deposits and Investments**

**Deposits**

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES**

**Pensions (Continued)**

Deposits and Investments (Continued)

Deposits (Continued)

N.J.S.A. 17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks of which the deposits are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

As of June 30, 2020, cash and cash equivalents of the Charter School consisted of the following:

	General Fund	Special Revenue	Proprietary Fund	Fiduciary Funds	Total
Operating Account	\$ 7,341,751	\$ -	\$ 170,448	\$ 123,177	\$ 7,635,376

The Charter School had no investments at June 30, 2020.

The carrying amount of the Board's cash and cash equivalents at June 30, 2020 was \$7,635,376 and the bank balance was \$5,033,096. All bank balances were covered by federal depository insurance (FDIC) and/or by a collateral pool maintained by the banks as required by GUDPA.

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures* ("GASB 40"), the Charter School's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the Charter School would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by a pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

As of June 30, 2020, none of the cash and cash equivalents for Paterson Charter School for Science and Technology were exposed to custodial credit risk.

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



**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES  
(CONTINUED)**

**Pensions (Continued)**

Deposits and Investments (Continued)

Deposits (Continued)

**Investments**

New Jersey statutes (N.J.S.A.18A:20-37) permit the Charter School to purchase the following types of securities:

- a. When authorized by resolution adopted by a majority vote of all its board members, the Charter School may use moneys which may be in hand for the purchase of the following types of securities, which, if suitable for registry, may be registered in the name of the Charter School;
  - (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
  - (2) Government money market mutual funds;
  - (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest no dependent on any index or other external factor;
  - (4) Bonds or other obligations of the charter school or bonds or other obligations of local unit or units within which the charter school is located;
  - (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by charter schools;
  - (6) Local government investment pools;
  - (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or
  - (8) Agreements for the repurchase of fully collateralized securities, if:
    - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;
    - b. the custody of collateral is transferred to a third party;
    - c. the maturity of the agreement is not more than 30 days; and
    - d. the underlying securities are purchased through a public depository as defined in Section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

Credit Risk: The Charter School does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosures be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The Charter School did not have any investments at June 30, 2020.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES  
(CONTINUED)**

**Pensions (Continued)**

Deposits and Investments (Continued)

Investments (Continued)

*Interest Rate Risk:* The Charter School does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Charter School did not have any investments at June 30, 2020.

*Concentration of Credit Risk:* The Charter School places no limit on the amount they may invest in any one issuer. The Charter School did not have any investments at June 30, 2020.

**A. Receivables**

Receivables at June 30, 2020, consisted of accounts, intergovernmental, grants, and miscellaneous.

All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Funds		Total Governmental Activities	Proprietary Fund	Total Business Type Activities	Fiduciary Funds	Total
	General Fund	Special Revenue Fund		Food Service Fund			
State Aid	\$ 87,524	\$ 2,027	\$ 89,551	\$ -	\$ -		\$ 89,551
Federal Aid	-	357,374	357,374	18,907	18,907		376,281
Other	9,748	-	9,748	-	-		9,748
Gross Receivables	97,272	359,401	456,673	18,907	18,907		475,580
Less: Allowance for Uncollectibles	-	-	-	-	-		-
Total Receivables, Net	\$ 97,272	\$ 359,401	\$ 456,673	\$ 18,907	\$ 18,907		\$475,580

**B. Interfund Receivables and Payables**

Transfers between funds are used to repay expenses paid by another fund.

The following interfund balances remained on the fund financial statements at June 30, 2020.

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 126,357	\$ -
Special Revenue Fund		107,467
Proprietary Fund		9,748
Fiduciary Fund		9,142
Total	\$ 126,357	\$ 126,357

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES**  
**(CONTINUED)**

**Pensions (Continued)**

**Deposits and Investments (Continued)**

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
<i>Capital Assets Being Depreciated:</i>				
Building Improvements	\$ 2,353,837	\$ -	\$ -	\$ 2,353,837
Vehicle, Furniture, Machinery and Equipment	2,266,412	2,029	-	2,268,441
Total Capital Assets Being Depreciated	<u>4,620,249</u>	<u>2,029</u>	<u>-</u>	<u>4,622,278</u>
Less Accumulated Depreciation For:				
Building Improvements	183,488	69,288	-	252,776
Vehicle, Furniture, Machinery and Equipment	1,479,217	156,281	-	1,635,498
Total Accumulated Depreciation	<u>1,662,705</u>	<u>225,569</u>	<u>-</u>	<u>1,888,274</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>2,957,544</u>	<u>(223,540)</u>	<u>-</u>	<u>2,734,004</u>
Government Activity Capital Assets, Net	<u>\$ 2,957,544</u>	<u>\$ (223,540)</u>	<u>\$ -</u>	<u>\$ 2,734,004</u>
<b>Business-Type Activities:</b>				
<i>Capital Assets Being Depreciated:</i>				
Machinery and Equipment	\$ 305,635	\$ 26,532	\$ -	\$ 332,167
Less Accumulated Depreciation	<u>(173,205)</u>	<u>(22,707)</u>	<u>-</u>	<u>(195,912)</u>
Enterprise Fund Capital Assets, Net	<u>\$ 132,430</u>	<u>\$ 3,825</u>	<u>\$ -</u>	<u>\$ 136,255</u>

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the Charter School-wide statement of net position. One item of that reconciliation explains that capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. An addition to the fund balance-total governmental funds is made to reflect the carrying value of the Charter School's capital assets at year-end in the Charter School-wide financial statements.

Depreciation expense was charged to functions as follows:

<b>Depreciation Expense:</b>	
Instructional	\$ 146,573
Administration	5,309
Support	4,399
Unallocated	69,288
Total	<u>\$ 225,569</u>

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 3: DETAILED DISCLOSURE REGARDING LIABILITIES AND EXPENSES/EXPENDITURES**

Operating Leases

2-6 Campus

The school leases classroom and office space at 276 Wabash Avenue, Paterson, New Jersey. The lease is for sixty (60) months commencing July 1, 2012 and expiring on June 30, 2017 with an option to renew for seven (7) periods, consisting of five (5) years each.

On June 2017, an amendment to the lease was signed. The lease was extended for the second (2<sup>nd</sup>) renewal period of five (5) years commencing July 1, 2017 and expiring on June 30, 2022. The lease will automatically renew for a total of five (5) additional renewal periods of five (5) years each. Also included in the amendment, the landlord agrees, in consideration of the sum payable by the school under the lease and for the sum of one dollar (\$1.00), on July 2, 2044, being the day immediately following the date when all obligations shall have been paid in full under the loan agreement, the landlord shall convey the premises to the school in its then "AS-IS" condition.

Future minimum lease payments are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2021	1,156,000
2022	<u>1,156,000</u>
Total future minimum lease payments	<u>\$ 2,312,000</u>

7-12 Campus

The school also leases classroom and office space at 196 West Railway Avenue, Paterson, New Jersey. The lease is for three (3) years commencing July 1, 2014 and ending June 30, 2017.

On June 2017, an amendment to the lease was signed. The lease was extended for the first (1<sup>st</sup>) renewal period of five (5) years commencing July 1, 2017 and expiring on June 30, 2022. The lease will automatically renew for a total of five (5) additional renewal periods of five (5) years each. Also included in the amendment, the landlord agrees, in consideration of the sum payable by the school under the lease and for the sum of one dollar (\$1.00), on July 2, 2044, being the day immediately following the date when all obligations shall have been paid in full under the loan agreement, the landlord shall convey the premises to the school in its then "AS-IS" condition.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 3: DETAILED DISCLOSURES REGARDING LIABILITIES AND EXPENSES  
/EXPENDITURES**

Operating Leases (Continued)

Future minimum lease payments are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2021	1,482,400
2022	<u>1,482,400</u>
Total future minimum lease payments	<u>\$ 2,964,800</u>

K-1 Campus

The school leases classroom and office space at 53-59 Main Street, Paterson, New Jersey. The landlord also sub-leases to the school a parking lot from the City of Paterson Parking Authority. The lease is for two (2) years commencing June 14, 2017 and expiring on July 31, 2019 in annual amount of three hundred sixty thousand dollars (\$360,000) and requires a security deposit of sixty thousand dollars (\$60,000). The school has an option to renew the lease for one (1) year for an annual amount of three hundred seventy thousand eight hundred dollars (\$370,800). The school also has the option to buy the building for the sum of one million three hundred thousand dollars (\$1,300,000). This option may be exercised at any time during the term but in no event no sooner than the first (1<sup>st</sup>) day of the seventh (7<sup>th</sup>) full calendar month after the commencement date or later than one hundred twenty (120) days prior to the expiration of the term of this lease.

The lease was amended on August 14, 2017 for additional payment totaling \$135,902 for improvements and repair works to be done on the premises before the school can occupy the property. This changed the lease commencement date to September 1, 2017.

Another amendment was signed on April 30, 2018 to change the responsibility of the parking lot lease payments to the City of Paterson Parking Authority from the landlord to the school. The school shall be obligated to pay directly to the Parking Authority the on-going charges imposed by the Parking Authority under the parking lot lease.

On June 7, 2019, the school purchased the property for \$1,300,000.

Total lease payments for the year ended June 30, 2020 amounted to \$2,666,650.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 4: PENSION PLANS**

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

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295  
<http://www.nj.gov/treasury/pensions>.

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

**Plan Description**

The State of New Jersey, Public Employees; Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

**Vesting and Benefit Provisions**

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

<b><u>Tier</u></b>	<b><u>Descriptions</u></b>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008, and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 4: PENSION PLANS**

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

**Vesting and Benefit Provisions (Continued)**

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Contributions**

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Charter School contributions to PERS amounted to \$261,199 for fiscal year 2020.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased on over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 4: PENSION PLANS**

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

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

At June 30, 2020, the Charter School reported a liability of \$4,669,516 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 used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2018 which was rolled forward to June 30, 2019. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. For the June 30, 2019 measurement date, the Charter School's proportion was 0.0259151425%, which was an increase of 0.0046839270% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the Charter School recognized pension expense of \$239,706, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2019 measurement date.

At June 30, 2020, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 83,812	\$ 20,628
Changes in Assumptions	466,268	1,620,774
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	73,710
Changes in Proportion and Differences between Charter School Contributions and Proportionate Share of Contributions	987,197	875,481
Charter School Contributions Subsequent to the Measurement Date	<u>261,199</u>	<u>-</u>
	<u>\$ 1,798,476</u>	<u>\$ 2,590,593</u>



**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 4: PENSION PLANS**

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

\$261,199, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2021	\$ (91,675)
2022	(297,393)
2023	(265,555)
2024	(124,691)
2025	(12,803)
	<hr/>
	\$ (792,117)

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for the 2019, 2018, 2017, 2016, 2015, and 2014 amounts, respectively

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 4: PENSION PLANS**

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

The amortization of the other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2015	5.72 years	-
June 30, 2016	5.57 years	-
June 30, 2017	5.48 years	-
June 30, 2018	-	5.63 years
June 30, 2019	-	5.21 years
Changes in Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44 years	-
June 30, 2015	5.72 years	-
June 30, 2016	5.57 years	-
June 30, 2017	-	5.48 years
June 30, 2018	-	5.63 years
June 30, 2019	-	5.21 years
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2015	5.00 years	-
June 30, 2016	5.00 years	-
June 30, 2017	5.00 years	-
June 30, 2018	5.00 years	-
June 30, 2019	5.00 years	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44 years	-
June 30, 2015	5.72 years	-
June 30, 2016	5.57 years	-
June 30, 2017	-	5.48 years
June 30, 2018	-	5.63 years

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 4: PENSION PLANS**

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

**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2018. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. This actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:

Price	2.75%
Wage	3.25%

Salary Increases:

Through 2026	2.00 - 6.00%
	based on years of service

Thereafter	3.00 - 7.00%
	based on years of service

Investment Rate of Return	7.00%
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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 01, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 4: PENSION PLANS**

**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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. 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%
U.S. Equity	28.00%	8.26%
Non-U.S. 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 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

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 4: PENSION PLANS**

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

**Discount Rate (Continued)**

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 rates and that contributions from employers will be made based on the contributions rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan investments was applied to projected benefit payment 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.

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

The following presents the Charter School's proportionate share of the 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 Charter School's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Measurement Date June 30, 2019		
	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Charter School's Proportionate Share of the Net Pension Liability	\$ 5,939,390	\$ 4,702,000	\$ 3,659,324

**Pension Plan Fiduciary Net Position**

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 respective fiduciary net position of the PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, 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. For additional information about PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at [www.nj.gov/treasury/pensions](http://www.nj.gov/treasury/pensions).

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 4: PENSION PLANS**

**B. Teacher's Pension Annuity Fund (TPAF)**

**Pension Description**

The State of New Jersey, Teacher's Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

**Vesting and Benefit Provisions**

The vesting and benefit provision are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested of 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

<b>Tier</b>	<b>Descriptions</b>
<b>1</b>	Members who were enrolled prior to July 1, 2007
<b>2</b>	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
<b>3</b>	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
<b>4</b>	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
<b>5</b>	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 with 25 or more years of service credit before age 62, and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 4: PENSION PLANS**

**Teacher's Pension Annuity Fund (TPAF) (Continued)**

**Contributions**

The contribution policy for TPAF is set by N.J.S.A 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For Fiscal year 2019, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are 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 local participating employers do 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 local participating employers, such as the Charter School. However, the notes to the financial statements of the Charter School must disclose the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal year ended June 30, 2020, the State of New Jersey contributed \$108,249 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$1,132,021.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased on over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2020, the Charter School was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 4: PENSION PLANS**

**Teacher's Pension Annuity Fund (TPAF) (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

The State's proportionate share of the net pension liability, attributable to the Charter School is as follows:

Charter School's Proportionate Share of the Net Pension Liability	\$ -
State of New Jersey 's Proportionate Share of the Net Pension Liability Associated with the Charter School	<u>34,552,752</u>
Total	<u>\$ 34,552,752</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2018. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. For the June 30, 2019 measurement date, the Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2019, Charter School's proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2019 measurement date, the State's proportionate share of the TPAF net pension liability associated with the Charter School was 0.0563014841%, which was a decrease of 0.0061436511% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the Charter School recognized \$2,038,014 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2019 measurement date.

The State reported the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2019:



**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 4: PENSION PLANS**

**Teacher's Pension Annuity Fund (TPAF) (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 8,729,264,342	\$ 17,163,131,436
Difference Between Expected and Actual Experience	1,203,503,264	213,344,311
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	<u>-</u>	<u>163,369,676</u>
	<u><u>\$ 9,932,767,606</u></u>	<u><u>\$ 17,539,845,423</u></u>

The amortization of the deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	8.50 years
June 30, 2015	8.30 years	-
June 30, 2016	-	8.30 years
June 30, 2017	8.30 years	-
June 30, 2018	8.29 years	-
Changes in Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	8.50 years	-
June 30, 2015	8.30 years	-
June 30, 2016	8.30 years	-
June 30, 2017	-	8.30 years
June 30, 2019	-	8.04 years

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 4: PENSION PLANS**

**Teacher's Pension Annuity Fund (TPAF) (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2015	-	5.00 years
June 30, 2016	-	5.00 years
June 30, 2017	-	5.00 years
June 30, 2018	-	5.00 years
June 30, 2019	-	5.00 years

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense excluding that attributable to employer-paid member contributions as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2019	\$ (272,405,510)
2020	(704,260,700)
2021	(630,562,767)
2022	(1,216,378,743)
2023	(2,381,316,232)
Thereafter	<u>(2,402,153,865)</u>
	<u>\$ (7,607,077,817)</u>

**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2018. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. This actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 4: PENSION PLANS**

**Teacher's Pension Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions (Continued)**

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55% - 4.45%
	based on years of service
Thereafter	2.75% - 5.65%

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. 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 01, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 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 TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 4: PENSION PLANS**

**Teacher's Pension Annuity Fund (TPAF) (Continued)**

**Long-Term Expected Rate of Return (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. 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%
U.S. Equity	28.00%	8.26%
Non-U.S. 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 total pension liability was 5.60% 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 the contribution rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan investments was applied to projected benefit payment 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.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 4: PENSION PLANS**

**Teacher's Pension Annuity Fund (TPAF) (Continued)**

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

As previously mentioned, TPAF has a special funding situation where the State pays 100% of the Charter School's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2019, the pension plans measurement date, attributable to the Charter School is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the Charter School, using a discount rate of 5.60%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	Measurement Date June 30, 2019		
	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
Charter School's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of the Net Pension Liability Associated with the Charter School	40,843,714	34,636,173	29,485,874
	<u>\$ 40,843,714</u>	<u>\$ 34,636,173</u>	<u>\$ 29,485,874</u>

**Pension Plan Fiduciary Net Position**

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 respective fiduciary net position of the TPAF and additions to/deductions from TPAF's fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, 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. For additional information about TPAF, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at [www.nj.gov/treasury/pensions](http://www.nj.gov/treasury/pensions).

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 4: PENSION PLANS**

**C. Defined Contribution Retirement Program (DCRP)**

**Plan Description**

The Defined Contribution Retirement Program (DCRP) is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for Tier 3 enrollment but who earn salary of at least \$5,000.00 annually (The minimum salary in 2019 is \$8,400 and is subject to adjustment in future years); and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for Tiers 4 or 5 enrollment, but who earn salary of at least \$5,000 annually. The minimum number of hours is 32 hours per week for local education employees.

**Vesting and Benefit Provisions**

Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

**Contributions**

The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Charter School contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 4: PENSION PLANS**

**Defined Contribution Retirement Program (DCRP) (Continued)**

**Contributions (Continued)**

For the fiscal year ended June 30, 2020, employee contributions totaled to \$6,078, and the Charter School recognized pension expense, which equaled the required contributions, of \$4,441.

**NOTE 5: POST-RETIREMENT MEDICAL BENEFITS**

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for charter schools.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report effective for the fiscal year ended June 30, 2019. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

**Plan Description and Benefits Provided**

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local charter school employees, including those Board employees and retirees eligible for coverage.

**State Health Benefit Program Fund – Local Education Retired** (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage and prescription drug benefits to qualified retired education participants. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 5: POST-RETIREMENT MEDICAL BENEFITS (CONTINUED)**

**Plan Description and Benefits Provided (Continued)**

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 or more years 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 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 of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2018:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
	<hr/>
Total Plan Members	<u>364,943</u>

**Measurement Focus and Basis of Accounting**

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.



**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 5: POST-RETIREMENT MEDICAL BENEFITS (CONTINUED)**

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**Collective Net OPEB Liability**

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2019 is \$41,729,081,045, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuation as of June 30, 2018 which were rolled forward to June 30, 2019.

**Actuarial Methods and Assumptions**

In the June 30, 2018 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Post-Retirement Medical Benefits Contributions**

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

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

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 5: POST-RETIREMENT MEDICAL BENEFITS (CONTINUED)**

**Post-Retirement Medical Benefits Contributions (Continued)**

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

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

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

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution, an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund-Local Education Retired for retirees' post-retirement benefits on behalf of the Charter School for the fiscal years ended June 30, 2020, 2019, and 2018 were \$571,161, \$512,789, and \$608,362, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the Charter School was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 5: POST-RETIREMENT MEDICAL BENEFITS (CONTINUED)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

Non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 01, 2018 through June 30, 2019. Non-employer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the Charter School is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the Charter School. Accordingly, the Charter School's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability attributable to the Charter School. Therefore, in addition, the Charter School does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

At June 30, 2019, the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Actual and Expected Experience	\$ -	\$ (10,484,965,300)
Net Difference Between Expected and Actual Earnings on OPEB Plan Investments	-	-
Assumptions Changes	<u>-</u>	<u>(8,481,529,343)</u>
Sub Total	-	(18,966,494,643)
Contributions Made in Fiscal Year Ending 2018 After June 30, 2017 Measurement Date	TBD	Not Available
Total	<u><u>\$ -</u></u>	<u><u>\$ (18,966,494,643)</u></u>

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 5: POST-RETIREMENT MEDICAL BENEFITS (CONTINUED)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

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

Measurement Period Ending June 30,	Total
2019	\$ (2,546,527,182)
2020	(2,546,527,182)
2021	(2,546,527,182)
2022	(2,546,527,182)
2023	(2,546,527,182)
Total Thereafter	<u>(6,233,858,733)</u>
	<u>\$ (18,966,494,643)</u>

For the fiscal year ended June 30, 2020, the Charter School recognized in the government-wide statement of activities (accrual basis) OPEB expense of \$1,390,191. This amount has been included in the government-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2020, the State's proportionate share of the OPEB liability attributable to the Charter School is \$9,326,882. The non-employer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the Charter School at June 30, 2018 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2019. At June 30, 2019, the state's share of the OPEB liability attributable to the Charter School was 0.0223510362%, which was an increase of 0.0046190620% from its proportionate share measured as of June 30, 2018 of 0.0177319742%.

**Actuarial Assumptions**

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

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**- NOTE 5: POST-RETIREMENT MEDICAL BENEFITS (CONTINUED)**

**Actuarial Assumptions (Continued)**

Inflation Rate	2.50%		
	<b>TPAF/ABP</b>	<b>PERS</b>	<b>PFRS</b>
Salary Increases:			
Through 2026	1.55 - 3.05% based on service years	2.00 - 6.00% based on service years	3.25 - 15.25% based on service years
Thereafter	1.55 - 3.05% based on service years	3.00 - 7.00% based on service years	Applied to all future years

Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TP AF or his or her age for PERS.

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS) and Safety (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.7 percent and decreases to a 4.5 percent long-term trend rate after eight years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.7 percent and decreases to a 4.5 percent long-term trend rate after eight years. For prescription drug benefits, the initial trend rate is 7.5 percent and decreases to a 4.5 percent long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in future years.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

**Long-Term Expected Rate of Return**

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 5: POST-RETIREMENT MEDICAL BENEFITS (CONTINUED)**

**Long-Term Expected Rate of Return (Continued)**

the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2019.

**Discount Rate**

The discount rate used to measure the total OPEB liabilities of the plan was as follows:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2019	3.50%
2019	June 30, 2018	3.87%

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Changes in the Total OPEB Liability**

The change in the State's proportionate share of the OPEB liability attributable to the Charter School for the fiscal year ended June 30, 2020 (measurement date June 30, 2019) is as follows:

	<u>Charter School's Total OPEB Liability (State Share 100%)</u>	<u>State of New Jersey's Total OPEB Liability</u>
Balance at June 30, 2018 Measurement Date	\$ 8,176,361	\$ 46,110,832,982
Changes Recognized for the Fiscal Year:		
Service Cost	1,238,955	1,734,404,850
Interest on Total OPEB Liability	359,048	1,827,787,206
Changes of Benefit Terms	-	-
Differences between Expected and Actual Experiences	(308,727)	(7,323,140,818)
Effect of Changes of Assumptions	139,065	622,184,027
Contributions - Employees	8,487	37,971,171
Gross Benefits Paid by the State	(286,307)	(1,280,958,373)
<b>Net Changes</b>	<u>1,150,521</u>	<u>(4,381,751,937)</u>
Balance at June 30, 2019 Measurement Date	<u>\$ 9,326,882</u>	<u>\$ 41,729,081,045</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% in 2018 to 3.50% in 2019.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 5: POST-RETIREMENT MEDICAL BENEFITS (CONTINUED)**

**Changes in the Total OPEB Liability (Continued)**

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the Charter School at June 30, 2019. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the Charter School for the fiscal year ended June 30, 2019 was not provided by the pension system.

**Sensitivity of OPEB Liability**

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the State's proportionate share of the OPEB liability attributable to the Charter School calculated using the discount rate of 3.50%, as well as what the State's proportionate share of the OPEB liability attributable to the Charter School that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current rate:

	<u>At 1% Decrease (2.50%)</u>	<u>At Current Discount Rate (3.50%)</u>	<u>At 1% Increase (4.50%)</u>
Net OPEB Liability (Allocable to the Charter School and the responsibility of the State)	\$ 11,018,733	\$ 9,326,882	\$ 7,982,968

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the State's proportionate share of the OPEB liability attributable to the Charter School calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability (Allocable to the Charter School and the responsibility of the State)	\$ 7,684,935	\$ 9,326,882	\$ 11,500,483

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the Charter School at June 30, 2019. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the Charter School at June 30, 2019 were not provided by the pension system.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 6: 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.

The Charter School is a member of the New Jersey School Boards Association Insurance Group, Educational Risk and Insurance Consortium (the Consortium). The Consortium is both an insured and self-administered group of charter schools established for the purpose of providing certain low-cost workers' compensation, employees' liability, automobile and equipment liability, general liability and boiler and machinery insurance coverage for member charter schools in order to keep local property taxes at a minimum. The Charter School pays an annual assessment to the Consortium and should it be determined that payments received by the Consortium are deficient, additional assessments may be levied. Additionally, the Consortium maintains a contract of excess insurance with a commercial reinsurer to secure the payment of benefits.

The Charter School continues to carry commercial insurance coverage for all other risks of loss, including health and accident insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

**New Jersey Unemployment Compensation Insurance**

Prior to 2016-2017 school year, the Charter School had 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.

Starting in 2016-2017 school year, the charter school changed the unemployment contribution to the "Contributory Method" where the Charter School will now remit the entire employee deduction to the Commissioner of Labor. As of June 30, 2020, there is no balance in the school's Unemployment Compensation trust account.

**NOTE 7: DETAILED DISCLOSURE REGARDING FUND EQUITY**

**General Fund**

Of the \$7,490,436 General Fund balance at June 30, 2020, \$0 is reserved for encumbrances and \$7,490,436 is unassigned and undesignated.

**NOTE 8: SUBSEQUENT EVENTS**

The Paterson Charter School for Science and Technology's management has informed us that there are no significant events that need to be disclosed after the balance sheet date through the date of the audit.



**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to the Basic Financial Statements

June 30, 2020

**NOTE 8: SUBSEQUENT EVENTS (CONTINUED)**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

Although the Charter School cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material effect on the Charter School’s results of future operations, financial position, and liquidity in fiscal year 2021.

***REQUIRED SUPPLEMENTARY INFORMATION – PART II***

**SECTION C – BUDGETARY COMPARISON SCHEDULES**

*The budgetary comparison schedules consist of the comparison of anticipated revenues and budgeted expenditures to actual results for the general and special revenue funds.*

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
General Fund  
Budgetary Comparison Schedule  
For The Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>REVENUES:</b>					
Local Sources:					
Equalization Aid - Local Share - Charter School Aid	\$ 2,274,986	\$ -	\$ 2,274,986	\$ 2,235,952	\$ (39,034)
<b>Total Local Sources</b>	<b>2,274,986</b>	<b>-</b>	<b>2,274,986</b>	<b>2,235,952</b>	<b>(39,034)</b>
Categorical Aid:					
Equalization Aid - State Share - Charter School Aid	17,774,926		17,774,926	17,517,276	(257,650)
Special Education Categorical Aid	901,128		901,128	876,868	(24,260)
Security Aid	772,896		772,896	749,742	(23,154)
<b>Total Categorical Aid</b>	<b>19,448,950</b>	<b>-</b>	<b>19,448,950</b>	<b>19,169,297</b>	<b>(279,653)</b>
Federal Sources:					
Medicaid Reimbursement	60,281		60,281	39,759	(20,522)
<b>Total Federal Sources</b>	<b>60,281</b>	<b>-</b>	<b>60,281</b>	<b>39,759</b>	<b>(20,522)</b>
Other Sources:					
Interest Income	17,500	50,000	67,500	50,738	(16,762)
Miscellaneous Revenue	16,000	40,000	56,000	79,287	23,287
On-Behalf TPAF Pension Aid (Non-Budgeted)				1,539,594	1,539,594
Reimbursed TPAF Social Security Aid (Non-Budgeted)				553,512	553,512
On-Behalf TPAF Post-Retirement Medical Aid (Non-Budgeted)				571,161	571,161
On-Behalf TPAF Long-Term Disability Insurance Aid (Non-Budgeted)				4,269	4,269
<b>Total Other Sources</b>	<b>33,500</b>	<b>90,000</b>	<b>123,500</b>	<b>2,816,410</b>	<b>2,692,910</b>
<b>Total Revenues</b>	<b>21,817,717</b>	<b>90,000</b>	<b>21,907,717</b>	<b>24,261,418</b>	<b>2,353,701</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	6,673,860	(37,932)	6,635,928	6,190,190	445,738
Other Salaries for Instruction	812,190	128,486	940,676	846,322	94,354
Purchased Prof/Tech Services	168,652	28,235	196,887	183,376	13,511
Other Purchased Services	87,815		87,815	44,185	43,630
General Supplies	212,680		212,680	152,158	60,522
Textbooks	82,585		82,585	76,845	5,740
Miscellaneous	30,389	15,000	45,389	30,606	14,783
<b>Total Instruction</b>	<b>8,068,171</b>	<b>133,789</b>	<b>8,201,960</b>	<b>7,523,682</b>	<b>678,278</b>
Administration:					
Salaries - General Administration	1,826,508		1,826,508	1,758,614	67,894
Salaries of Secretarial/Clerical Assistants	307,952		307,952	265,224	42,728
Total Benefits Cost	3,659,245	70,694	3,729,939	3,534,412	195,527
Purchases Prof/Tech Services	340,468	62,000	402,468	375,015	27,453
Other Purchased Services	88,106	5,000	93,106	71,848	21,258
Supplies and Materials	60,204	5,000	65,204	49,822	15,382
Interest on Current Loans	2,500		2,500		2,500
Miscellaneous Expenses	44,986		44,986	39,755	5,231
<b>Total Administration</b>	<b>6,329,969</b>	<b>142,694</b>	<b>6,472,663</b>	<b>6,094,690</b>	<b>377,973</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
General Fund  
Budgetary Comparison Schedule  
For The Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued From Prior Page)					
Support Services:					
Salaries	\$ 1,610,631	\$ 40,262	\$ 1,650,893	\$ 1,571,697	\$ 79,196
Purchased Prof/Ed Services	185,334		185,334	97,545	87,789
Purchased Prof/Tech Services	30,500	5,081	35,581	13,360	22,221
Rental of Land and Buildings	2,674,550		2,674,550	2,666,650	7,900
Other Purchased Services	353,442	76,106	429,548	301,220	128,328
Transportation-Other Than To/From School	138,082		138,082	62,380	75,702
Insurance for Property, Liability and Fidelity	152,041	6,000	158,041	158,014	27
Supplies and Materials	98,958	240	99,198	87,471	11,727
Energy Costs (Heat and Electricity)	329,100	-	329,100	269,180	59,920
<b>Total Support Services</b>	<b>5,574,638</b>	<b>127,689</b>	<b>5,702,327</b>	<b>5,227,990</b>	<b>474,337</b>
Capital Outlay:					
Instructional Equipment	32,590	35,000	67,590	65,017	2,573
Non-Instructional Equipment	140,400	(35,000)	105,400	38,120	67,280
Miscellaneous Expenses	430,000	(409,172)	20,828	11,624	9,204
<b>Total Capital Outlay</b>	<b>602,990</b>	<b>(409,172)</b>	<b>193,818</b>	<b>114,761</b>	<b>79,057</b>
On-Behalf TPAF Pension Contributions (Non-Budgeted)				1,539,594	(1,539,594)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				553,512	(553,512)
On-Behalf TPAF Post-Retirement Medical Contributions (Non-Budgeted)				571,161	(571,161)
On-Behalf TPAF Long-Term Disability Insurance Contributions (Non-Budgeted)				4,269	(4,269)
<b>Total Expenditures</b>	<b>20,575,768</b>	<b>(5,000)</b>	<b>20,570,768</b>	<b>21,629,659</b>	<b>(1,058,891)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,241,949	95,000	1,336,949	2,631,759	1,294,810
<b>FUND BALANCE, JULY 1</b>	<b>4,858,677</b>	<b>-</b>	<b>4,858,677</b>	<b>4,858,677</b>	<b>-</b>
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 6,100,626</b>	<b>\$ 95,000</b>	<b>\$ 6,195,626</b>	<b>\$ 7,490,436</b>	<b>\$ 1,294,810</b>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures:					
Budgeted Fund Balance	\$ 6,100,626	\$ 95,000	\$ 6,195,626	\$ 7,490,436	\$ 1,294,810
<b>Total</b>	<b>\$ 6,100,626</b>	<b>\$ 95,000</b>	<b>\$ 6,195,626</b>	<b>\$ 7,490,436</b>	<b>\$ 1,294,810</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
Special Revenue Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUE SOURCES:</b>					
Federal	\$ 1,492,367	\$ -	\$ 1,492,367	\$ 1,479,567	\$ (12,800)
Total Revenues	1,564,864	-	1,564,864	1,548,064	(16,800)
<b>EXPENDITURES:</b>					
Instruction:					
Salaries	455,701	16,760	472,461	472,461	-
Salaries of Teachers	167,924	(28,868)	139,056	138,336	720
Other Salaries for Instruction	58,480	33,220	91,700	91,700	-
Purchased Prof/Tech Services	11,500	(5,405)	6,095	6,095	-
General Supplies	143,281	15,412	158,693	158,693	-
Other Objects	13,348	(308)	13,040	13,040	-
Total Instruction	854,732	30,811	885,543	884,823	720
Support Services:					
Salaries	157,020	(9,927)	147,093	143,093	4,000
Personal Services - Employee Benefits	254,703	(31,619)	223,084	223,084	-
Other Purchased Prof/Tech Services	174,438	12,679	187,117	175,617	11,500
Miscellaneous (Other) Purchased Services	33,232	(2,478)	30,754	30,609	145
Supplies and Materials	10,183	115	10,298	9,863	435
Total Support Services	629,576	(31,230)	598,346	582,266	16,080
Total Expenditures	1,564,864	-	1,564,864	1,548,064	16,800
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

***NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION***

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

Fiscal Year Ended June 30, 2020

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

	<u>General Fund</u>		<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources</b>			
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 24,261,418		[C-2] \$ 1,548,064
 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 reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ <u>24,261,418</u>		[B-2] \$ <u>1,548,064</u>
 <b>Uses/Outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 21,629,659		[C-2] \$ 1,548,064
 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 accounting purposes.			-
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ <u>21,629,659</u>		[B-2] \$ <u>1,548,064</u>



***REQUIRED SUPPLEMENTARY INFORMATION – PART III***

**SECTION L – CHARTER SCHOOL’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR TPAF AND PERS AND CHARTER SCHOOL’S PERS AND TPAF CONTRIBUTIONS**

*The schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.*

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
 Required Supplementary Information Schedules  
 Schedule of the Charter School's Proportionate Share of the Net Pension Liability  
 Public Employees Retirement System  
 Last Seven Fiscal Years  
 Unaudited

	Fiscal Year Ending June 30,						
	2020	2019	2018	2017	2016	2015	2014
Charter School's proportion of the net pension liability	0.0259151425%	0.0212312155%	0.0227984186%	0.0267766574%	0.0313323293%	0.0268956671%	0.0251831644%
Charter School's proportionate share of the net pension liability	\$ 4,669,516	\$ 4,180,320	\$ 5,307,107	\$ 7,930,478	\$ 7,033,480	\$ 5,035,604	\$ 4,813,003
Charter School's covered employees payroll	\$ 2,211,154	\$ 1,867,274	\$ 1,643,410	\$ 1,376,563	\$ 1,517,838	\$ 3,147,799	\$ 2,989,172
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	211.18%	223.87%	322.93%	576.11%	463.39%	159.97%	161.01%
Plan fiduciary net position as a percentage of the total pension liability	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
 Required Supplementary Information Schedules  
 Schedule of the Charter School Contributions  
 Public Employees Retirement System  
 Last Seven Fiscal Years  
 Unaudited

	Fiscal Year Ending June 30,						
	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 211,182	\$ 211,182	\$ 211,203	\$ 237,880	\$ 269,374	\$ 221,724	\$ 189,750
Contributions in relation to the contractually required contribution	<u>(261,199)</u>	<u>(217,290)</u>	<u>(224,757)</u>	<u>(246,640)</u>	<u>(272,129)</u>	<u>(224,462)</u>	<u>(213,965)</u>
Contribution deficiency/(excess)	<u>\$ (50,017)</u>	<u>\$ (6,108)</u>	<u>\$ (13,554)</u>	<u>\$ (8,760)</u>	<u>\$ (2,755)</u>	<u>\$ (2,738)</u>	<u>\$ (24,215)</u>
Charter School's covered employee payroll	\$ 2,211,154	\$ 1,867,274	\$ 1,643,410	\$ 1,376,563	\$ 1,517,838	\$ 3,147,799	\$ 2,989,172
Contributions as a percentage of covered employee payroll	9.55%	11.31%	12.85%	17.28%	17.75%	7.04%	6.35%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
 Required Supplementary Information Schedules  
 Schedule of the Charter School's Proportionate Share of the Net Pension Liability  
 Teachers Pension and Annuity Fund  
 Last Seven Fiscal Years  
 Unaudited

	Fiscal Year Ending June 30,						
	2020	2019	2018	2017	2016	2015	2014
State's proportion of the net pension liability attributable of the Charter School	0.0563014841%	0.0624451352%	0.0636828729%	0.0600850585%	0.0506882071%	0.0505361891%	0.0386159767%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 34,552,752	\$ 39,726,254	\$ 42,937,289	\$ 47,266,733	\$ 32,037,111	\$ 27,009,948	\$ 19,516,211
Charter School's covered employees payroll	\$ 7,510,049	\$ 7,376,717	\$ 6,533,653	\$ 5,827,904	\$ 5,994,422	\$ 5,943,698	\$ 5,915,567
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	460.09%	538.54%	657.17%	811.04%	534.45%	454.43%	329.91%
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: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

**SECTION M – CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET  
OPEB LIABILITY FOR TPAF AND PERS**

*The schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.*

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
 Required Supplementary Information Schedules  
 Schedule of Changes in the Charter School's Proportionate Share of Total OPEB Liability and Related Ratios  
 Teachers Pension and Annuity Fund and Public Employees Retirement System  
 Last Four Fiscal Years  
 Unaudited

	Fiscal Year Ending June 30,			
	2020	2019	2018	2017
OPEB Liability at Beginning of Measurement Period	\$ 8,176,361	\$ 10,118,207	\$ 10,040,853	\$ -
Changes Recognized for the Fiscal Year:				
Service Cost	1,238,955	1,509,903	1,833,131	Not Available
Interest on Total OPEB Liability	359,048	412,541	335,215	Not Available
Differences Between Expected and Actual Experience	(308,727)	(2,714,935)	-	Not Available
Effect on Changes of Assumptions	139,065	(938,278)	(1,865,263)	Not Available
Contributions from the Employees	8,487	7,556	8,630	Not Available
Gross Benefit Paid by the State	(286,307)	(218,633)	(234,359)	Not Available
Net Changes	1,150,521	(1,941,846)	77,354	-
OPEB Liability at the End of Measurement Period	\$ 9,326,882	\$ 8,176,361	\$ 10,118,207	\$ 10,040,853
Charter School's Proportionat Share of the Total OPEB Liability	0.0223510362%	0.0177319742%	0.0188632305%	0.0173621705%
Charter School's Covered Employees Payroll	\$ 9,721,203	\$ 9,243,991	\$ 8,177,063	\$ 7,204,467
Total Charter School's OPEB Liability as a Percentage of Covered Employee Payroll	95.94%	88.45%	123.74%	139.37%
Charter School's Contributions	None	None	None	None

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

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

***NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III***



**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to Required Supplementary Information  
Public Employees Retirement System  
For Fiscal Year Ended June 30, 2020

**NET PENSION LIABILITY (SCHEDULES L-1 AND L-2)**

**A. Benefit Changes**

There were none.

**B. Changes in Assumptions**

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019.

**NET OPEB LIABILITY (SCHEDULE M-1)**

**A. Benefit Changes**

There were none.

**B. Changes in Assumptions**

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

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Notes to Required Supplementary Information

Teachers Pension and Annuity Fund

For Fiscal Year Ended June 30, 2020

**NET PENSION LIABILITY (SCHEDULES L-3 AND L-4)**

**A. Benefit Changes**

There were none.

**B. Changes in Assumptions**

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019.

**NET OPEB LIABILITY (SCHEDULE M-1)**

**A. Benefit Changes**

There were none.

**B. Changes in Assumptions**

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

***OTHER SUPPLEMENTARY INFORMATION***

**SECTION E – SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

*The Special Revenue Fund is used to account for the proceeds of specific sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.*

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
 Special Revenue Fund  
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2020

	ESSA Title I	ESSA Title I Carryover	ESSA Title I (Reallocated)	ESSA Title III	I.D.E.A. Part B	I.D.E.A. PreSchool	ESSA Title II	Advanced Computer Services	ESSA Title IV	Grand Total
<b>REVENUE SOURCES:</b>										
State	\$ 966,453	\$ 33,410.00	\$ 15,404.00	\$ 13,036.00	\$ 291,439	\$ 4,484	\$ 72,431	\$ 68,497	\$ 82,910	\$ 68,497
Federal										1,479,567
<b>Total Revenues</b>	966,453	33,410	15,404	13,036	291,439	4,484	72,431	68,497	82,910	1,546,064
<b>EXPENDITURES:</b>										
Instruction:										
Salaries	472,461									472,461
Salaries of Teachers	74,206		4,560						59,570	138,336
Other Salaries for Instruction	91,700								6,095	91,700
Purchased Prof/Tech Services	133,729	3,204	738	7,407		820			12,795	158,683
General Supplies	13,040									13,040
Other Objects										
<b>Total Instruction</b>	785,136	7,702	738	11,967		820			76,460	884,823
Support Services:										
Salaries	600				117,452		23,041	2,000		143,083
Personal Services - Employee Benefits	156,769			404	60,154		1,281	26	4,450	223,084
Other Purchased Prof/Tech Services	14,150				113,833	3,664	23,100	11,880		166,627
Miscellaneous (Other) Purchased Services		5,000	600	65			25,009			30,609
Supplies and Materials	9,798									9,798
<b>Total Support Services</b>	181,317	13,980	1,069	1,069	291,439	3,664	72,431	13,906	4,450	582,266
Facilities Acquisition and Construction Services:										
Buildings										
Instructional Equipment		11,718	14,686					54,591		80,975
Non-Instructional Equipment										
<b>Total Facilities Acquisition and Construction Services</b>		11,718	14,686					54,591		80,975
<b>Total Expenditures</b>	966,453	33,410	15,404	13,036	291,439	4,484	72,431	68,497	82,910	1,546,064
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**SECTION G – PROPRIETARY FUNDS  
DETAIL STATEMENTS**

*Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the Charter School's board is that the costs of providing goods or services be financed through user charges.*

*Food Services Fund – The fund provides for the operation of food services in all schools within the charter school.*

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5, AND  
B-6.**

**SECTION H – FIDUCIARY FUNDS  
DETAIL STATEMENT**

*Fiduciary Funds are used to account for funds received by the school for a specific purpose.*

*Unemployment Insurance Compensation Trust Fund – This expendable trust fund is used to account for deductions from employee’s salaries which are utilized to pay unemployment compensation claims as they arise.*

*Scholarship Funds – these are nonexpendable trust funds and limits expenses to the amounts earned on the trust principal.*

*Agency Funds are used to account for assets held by the charter school as an agent for individuals, private organizations, other governments and/or other funds.*

*Student Activity Fund – This agency fund is used to account for student funds held at the schools.*

*Payroll Fund – this agency fund is used to account for payroll transactions of the charter school.*

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Fiduciary Funds  
Combining Statement of Fiduciary Net Position  
As of June 30, 2020

	Trusts	Agency			Total Agency Fund
	Scholarships Trust Account	Payroll Agency	Net Payroll	Student Activities	
ASSETS:					
Cash and Cash Equivalents	\$ -	\$ -	\$ 5,717	\$ 117,460	\$ 123,177
Total Assets	<u>-</u>	<u>\$ -</u>	<u>\$ 5,717</u>	<u>\$ 117,460</u>	<u>\$ 123,177</u>
LIABILITIES:					
Interfund Accounts Payable		\$ 3,426	\$ 5,717	\$ -	\$ 9,143
Payroll Deductions and Withholdings		(3,426)			(3,426)
Due to Student Groups				117,460	117,460
Total Liabilities	<u>-</u>	<u>\$ -</u>	<u>\$ 5,717</u>	<u>\$ 117,460</u>	<u>\$ 123,177</u>
NET POSITION:					
Reserved for Scholarships	<u>-</u>				
Total Net Position	<u>\$ -</u>				



**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

## Fiduciary Funds

## Statement of Changes in Fiduciary Net Position

## Trust Funds

For the Fiscal Year Ended June 30, 2020

	Scholarships Trust Account
	<u>                    </u>
ADDITIONS:	
Interest	\$ -
Scholarships Contributions	<u>-</u>
Total Additions	<u>-</u>
DEDUCTIONS:	
Scholarships Disbursements	<u>-</u>
Total Deductions	<u>-</u>
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING OF THE YEAR	<u>-</u>
NET POSITION - END OF THE YEAR	<u><u>\$ -</u></u>

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

## Fiduciary Funds

## Student Activity Agency Fund

## Schedule of Receipts and Disbursements

For the Fiscal Year Ended June 30, 2020

	<u>Balance July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2020</u>
School Activities	\$ 74,948	\$ 108,812	\$ 66,300	\$ 117,460
Total	<u>\$ 74,948</u>	<u>\$ 108,812</u>	<u>\$ 66,300</u>	<u>\$ 117,460</u>

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
 Fiduciary Funds  
 Payroll Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 99,274	\$ 5,070,317	\$ 5,169,591	\$ -
Total Assets	<u>\$ 99,274</u>	<u>\$ 5,070,317</u>	<u>\$ 5,169,591</u>	<u>\$ -</u>
<b>LIABILITIES:</b>				
Interfund Accounts Payable	\$ 3,426	\$ -	\$ -	\$ 3,426
Payroll Deductions and Withholdings	95,848	5,070,317	5,169,591	(3,426)
Total Liabilities	<u>\$ 99,274</u>	<u>\$ 5,070,317</u>	<u>\$ 5,169,591</u>	<u>\$ -</u>

**STATISTICAL SECTION (UNAUDITED)**

***GASB requires that ten years of statistical data be presented. The following information is presented utilizing information available. Each year thereafter, an additional year's data will be included until ten years of data is presented.***

## Contents

### **Financial Trends**

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

### **Revenue Capacity (Not Applicable To Charter School)**

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

### **Debt Capacity**

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

### **Demographic and Economic Information**

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

### **Operating Information**

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

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The charter school implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting government-wide information include information beginning in that year.*

***FINANCIAL TRENDS***

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Net Assets/Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Governmental Activities</b>										
Net Investment in Capital Assets										
Invested in capital assets, net of related debt	\$ (2,780,617)	\$ 2,957,544	\$ 1,879,110	\$ 2,322,299	\$ 2,397,709	\$ 1,839,880	\$ 275,580	\$ 266,681	\$ (203,448)	\$ 31,616
Unrestricted	8,191,672	(879,484)	(2,289,652)	(4,558,757)	(4,502,942)	(3,655,292)	3,058,045	2,945,016	2,536,728	2,409,087
Total Governmental Activities Net Assets/Position	\$ 5,411,055	\$ 2,078,060	\$ (410,542)	\$ (2,236,458)	\$ (2,105,233)	\$ (1,815,412)	\$ 3,333,625	\$ 3,211,697	\$ 2,333,280	\$ 2,440,703
<b>Business-Type Activities</b>										
Net Investment in Capital Assets										
Invested in capital assets, net of related debt	\$ 136,255	\$ 132,430	\$ 152,613	\$ 63,267	\$ 83,253	\$ 83,253	\$ 32,465	\$ 23,770	\$ 23,770	\$ 24,795
Unrestricted	211,977	210,866	84,192	107,209	116,858	164,905	127,807	168,038	166,871	98,035
Total Business-Type Activities Net Assets/Position	\$ 348,232	\$ 343,296	\$ 236,805	\$ 170,476	\$ 200,111	\$ 248,158	\$ 160,272	\$ 191,808	\$ 190,641	\$ 122,830
<b>Charter School-wide</b>										
Net Investment in Capital Assets										
Invested in capital assets, net of related debt	\$ (2,644,362)	\$ 3,089,974	\$ 2,031,723	\$ 2,385,566	\$ 2,480,962	\$ 1,923,133	\$ 308,045	\$ 290,451	\$ (179,678)	\$ 56,411
Unrestricted	8,403,649	(668,618)	(2,205,460)	(4,451,548)	(4,386,084)	(3,490,387)	3,185,852	3,113,054	2,703,599	2,507,122
Total Charter School-wide Net Assets/Position	\$ 5,759,287	\$ 2,421,356	\$ (173,737)	\$ (2,065,982)	\$ (1,905,122)	\$ (1,567,254)	\$ 3,493,897	\$ 3,403,505	\$ 2,523,921	\$ 2,563,533

Source: Comprehensive Annual Financial Report

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Changes in Net Assets/Position  
Last Ten Fiscal Years  
(accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Expenses</b>										
Governmental Activities:										
Instruction	\$ 8,555,078	\$ 11,462,802	\$ 10,562,453	\$ 9,424,127	\$ 9,860,285	\$ 6,847,415	\$ 8,637,456	\$ 7,781,671	\$ 8,227,659	\$ 5,362,000
Administration	9,233,950	5,081,598	5,215,753	2,838,768	1,202,817	2,251,993	1,777,411	1,813,483	1,607,357	1,354,972
Support Services	5,814,655	6,779,507	6,397,018	4,527,508	6,082,347	6,643,465	6,280,683	5,829,281	6,120,760	4,332,206
Capital Outlay	193,707	151,901	150,770	728,617	170,135	360,546	70,174	102,611	(73,062)	32,507
Unallocated Depreciation	69,288	39,366	36,645	13,547	13,548	-	-	-	-	-
Total Governmental Activities Expenses	23,866,678	23,515,174	22,362,639	17,532,567	17,329,132	16,103,419	16,765,724	15,527,046	15,882,714	11,081,695
Business-Type Activities:										
Food Service	858,485	946,122	942,626	789,966	829,566	660,550	802,848	702,760	592,179	386,212
Total Business-Type Activities Expenses	858,485	946,122	942,626	789,966	829,566	660,550	802,848	702,760	592,179	386,212
Total Charter School Expenses	\$ 24,725,163	\$ 24,461,296	\$ 23,305,265	\$ 18,322,533	\$ 18,158,698	\$ 16,763,969	\$ 17,568,572	\$ 16,229,806	\$ 16,474,893	\$ 11,467,897
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services	\$ -	\$ -	\$ 493,022	\$ 325,050	\$ 201,668	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Grants and Contributions	876,868	871,025	-	-	-	258,791	305,903	286,804	164,840	192,700
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Revenues	876,868	871,025	493,022	325,050	201,668	258,791	305,903	286,804	164,840	192,700
Business-Type Activities:										
Charges for Services	45,165	59,630	61,913	48,176	95,710	67,882	89,336	93,337	155,352	132,222
Operating Grants and Contributions	815,460	990,242	939,662	711,726	685,445	680,228	681,925	608,200	504,413	280,704
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Revenues	860,625	1,049,872	1,001,575	759,902	781,155	748,110	771,261	701,537	659,765	412,926
Total Charter School Program Revenues	\$ 1,737,493	\$ 1,920,897	\$ 1,494,597	\$ 1,084,952	\$ 982,823	\$ 1,006,901	\$ 1,077,164	\$ 988,341	\$ 824,605	\$ 605,626
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (22,989,810)	\$ (22,644,149)	\$ (21,869,617)	\$ (17,207,517)	\$ (17,127,464)	\$ (15,844,628)	\$ (16,459,821)	\$ (15,240,242)	\$ (15,717,874)	\$ (10,888,985)
Business-Type Activities	2,140	103,750	58,949	(30,064)	(48,411)	87,560	(31,587)	(1,223)	67,586	26,714
Total Charter School-wide Net Expense	\$ (22,987,670)	\$ (22,540,399)	\$ (21,810,668)	\$ (17,237,581)	\$ (17,175,875)	\$ (15,757,068)	\$ (16,491,408)	\$ (15,241,465)	\$ (15,650,288)	\$ (10,862,271)
<b>General Revenues and Other Changes in Net Assets/Position</b>										
Governmental Activities:										
General Purposes	\$ 2,235,952	\$ 2,249,229	\$ 1,952,112	\$ 1,473,761	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and State Aid Not Restricted	23,938,979	22,775,881	21,866,204	15,518,254	16,775,873	16,634,274	16,507,691	16,099,585	15,601,904	11,439,501
Investment Earnings	50,738	67,193	17,468	1,741	2,292	2,949	209	158	373	960
Miscellaneous Income	97,136	40,448	31,602	82,536	59,478	46,909	36,75	18,916	8,174	30,817
Total Governmental Activities	26,322,805	25,132,751	23,867,376	17,076,292	16,837,643	16,684,132	16,511,575	16,118,659	15,610,451	11,471,278
Business-Type Activities:										
Investment Earnings	2,796	2,741	1,028	429	364	326	-	-	225	1,053
Miscellaneous Income	-	-	-	-	-	-	51	309	225	1,053
Total Business-Type Activities	2,796	2,741	1,028	429	364	326	51	309	225	1,053
Total Charter School-wide	\$ 26,325,601	\$ 25,135,492	\$ 23,868,404	\$ 17,076,721	\$ 16,838,007	\$ 16,684,458	\$ 16,511,626	\$ 16,118,968	\$ 15,610,676	\$ 11,472,331
<b>Change in Net Assets/Position</b>										
Governmental Activities	\$ 3,332,995	\$ 2,488,602	\$ 1,997,759	\$ (131,225)	\$ (289,821)	\$ 839,504	\$ 51,754	\$ 878,417	\$ (107,423)	\$ 592,293
Business-Type Activities	4,936	106,491	59,977	(29,635)	(48,047)	87,886	(31,536)	(914)	67,811	27,767
Total Charter School	\$ 3,337,931	\$ 2,595,093	\$ 2,057,736	\$ (160,860)	\$ (337,868)	\$ 927,390	\$ 20,218	\$ 877,503	\$ (39,612)	\$ 610,060



**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
 Fund Balances - Governmental Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 Unaudited

	Fiscal Year Ending June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Restricted	\$ -	\$ 30,649	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	7,490,436	4,828,028	3,386,577	1,044,596	742,434	1,242,964	3,132,545	3,006,291	2,066,599	2,409,087
<b>Total General Fund</b>	<b>\$ 7,490,436</b>	<b>\$ 4,858,677</b>	<b>\$ 3,386,577</b>	<b>\$ 1,044,596</b>	<b>\$ 742,434</b>	<b>\$ 1,242,964</b>	<b>\$ 3,132,545</b>	<b>\$ 3,006,291</b>	<b>\$ 2,066,599</b>	<b>\$ 2,409,087</b>

**Source: Comprehensive Annual Financial Report**

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
 Changes in Fund Balances - Governmental Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 Unaudited

Fiscal Year Ending June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Revenues:</b>										
Local Sources:										
Local Tax Levy	\$ 2,235,952	\$ 2,249,229	\$ 1,952,112	\$ 1,473,761	\$ 1,632,630	\$ 1,522,718	\$ 1,550,128	\$ 1,547,400	\$ 1,495,442	\$ 1,107,102
Interest In Investments	50,738	67,193	17,458	1,741	2,292	2,949	209	158	373	960
Miscellaneous	97,136	40,448	31,602	82,536	59,478	46,909	3,675	18,916	8,174	30,817
State Sources	21,906,330	20,588,237	19,118,203	14,923,616	14,425,628	14,473,354	14,381,872	13,827,912	13,102,811	9,649,515
Federal Sources	1,519,326	1,514,083	1,147,123	919,688	919,283	896,993	881,594	1,011,077	1,168,491	875,584
<b>Total Revenues</b>	<b>25,809,482</b>	<b>24,459,190</b>	<b>22,266,498</b>	<b>17,401,342</b>	<b>17,039,311</b>	<b>16,942,923</b>	<b>16,817,478</b>	<b>16,405,463</b>	<b>15,775,291</b>	<b>11,663,978</b>
<b>Expenditures:</b>										
Instruction	8,408,505	7,885,569	7,466,755	6,244,705	6,951,105	7,039,449	6,849,254	6,069,098	6,567,794	4,279,997
Administration	8,763,226	7,514,083	6,483,271	5,481,434	5,118,073	5,299,539	4,759,928	4,588,178	4,044,891	3,225,577
Support Services	5,810,256	6,087,606	5,766,121	4,644,424	4,707,895	5,234,039	5,011,868	4,705,884	5,308,229	3,535,733
Capital Outlay	195,736	1,499,832	208,370	728,617	762,768	1,259,477	70,174	102,611	196,865	32,507
<b>Total Expenditures</b>	<b>23,177,723</b>	<b>22,987,090</b>	<b>19,924,517</b>	<b>17,099,180</b>	<b>17,539,841</b>	<b>18,832,504</b>	<b>16,691,224</b>	<b>15,465,771</b>	<b>16,117,779</b>	<b>11,073,814</b>
Net Change in Fund Balance	\$ 2,631,759	\$ 1,472,100	\$ 2,341,981	\$ 302,162	\$ (500,530)	\$ (1,889,581)	\$ 126,254	\$ 939,692	\$ (342,488)	\$ 590,164

Source: Comprehensive Annual Financial Report

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

General Fund - Other Local Revenue by Source

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

Unaudited

Fiscal Year Ending June 30,	Donations and Contributions	Rentals	Prior Year Refunds	Miscellaneous Revenue	Annual Total
2020	\$ 5,000	\$ 3,000	\$ 12,849	\$ 76,287	\$ 97,136
2019	-	-	-	40,448	40,448
2018	-	-	3,805	27,797	31,602
2017	-	-	746	81,790	82,536
2016	-	-	230	59,248	59,478
2015	168	-	2,697	44,044	46,909
2014	-	600	150	2,925	3,675
2013	-	5,500	180	13,236	18,916
2012	-	8,174	-	-	8,174
2011	-	-	2,633	23,184	25,817

Source: Charter School records

***OPERATING INFORMATION***

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
 Full-Time Equivalent Charter School Employees by Function  
 Last Ten Fiscal Years

Function	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Instruction	122	106	112	107	99	98	98	98	87	58
Administrative	20	14	14	10	10	12	12	11	4	4
Support Services	66	63	52	51	50	59	68	67	65	40
Food Service	1	1	1	1	2	2	3	3	3	1
<b>Total</b>	<b>209</b>	<b>184</b>	<b>179</b>	<b>169</b>	<b>161</b>	<b>171</b>	<b>181</b>	<b>179</b>	<b>159</b>	<b>103</b>

**Source:** Charter School Personnel Records

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

Operating Statistics  
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	Percent Change in Average Daily Enrollment	Student Attendance Percentage
2020	1487	\$ 22,981,987	\$ 15,455	3.14%	122	1:12	1487.00	1440.90	3.56%	96.90%
2019	1434	21,487,258	14,984	5.49%	106	1:13	1434.00	1390.00	3.33%	96.93%
2018	1388	19,716,147	14,205	-7.33%	107	1:12	1386.20	1320.64	22.95%	95.27%
2017	1068	16,370,563	15,328	-3.06%	101	1:11	1068.00	1051.46	0.48%	98.45%
2016	1061	16,777,073	15,813	-5.97%	99	1:11	1062.90	1022.58	1.44%	96.21%
2015	1045	17,573,027	16,816	4.61%	98	1:11	1047.60	1007.55	1.29%	96.18%
2014	1034	16,621,050	16,075	9.44%	98	1:11	1034.10	1037.95	-0.86%	100.37%
2013	1046	15,363,160	14,688	-4.24%	87	1:11	1043.00	1007.10	0.51%	96.56%
2012	1038	15,920,914	15,338	4.33%	58	1:12	1037.70	969.00	27.72%	93.38%
2011	751	11,041,307	14,702	6.07%	48	1:13	750.10	736.00	24.68%	98.12%

**Sources:** Charter School records

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

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

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

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

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**

School Building Information  
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b><u>Charter School Building</u></b>										
<b><u>K-1 Campus</u></b>										
Square Feet	34,000	34,000	30,000							
Capacity (students)	288	288	288							
Enrollment	288	284	288							
<b><u>2-6 Campus</u></b>										
Square Feet	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000	19,138
Capacity (students)	576	576	528	564	564	564	564	564	564	180
Enrollment	624	562	526	564	555	555	560	555	556	176
<b><u>7-12 Campus</u></b>										
Square Feet	87,200	87,200	87,200	87,200	87,200	87,200	103,000	103,000	103,000	66,213
Capacity (students)	576	576	576	504	504	504	504	504	504	588
Enrollment	575	544	573	504	490	490	474	485	482	575

Number of Schools at June 30, 2020  
 Elementary/Middle School = 2 (Grades K-6)  
 High School/Middle School = 1 (Grades 7-12)

**Source:** Charter School Facilities Office

**Note:** Increases in square footage and capacity are the result of additions.  
 Enrollment is based on the annual October Charter School count.



New Jersey Schools Insurance Group  
 Educational Risk and Insurance Consortium - West  
 Package Policy Declarations

Policy Number: P876AK

Premium: \$83,205.59

Named Insured:  
 Paterson Charter School for Science and Technology  
 196 W. Railway Avenue  
 Paterson, NJ 07503

Agent:  
 CBIZ Insurance Services, Inc. dba CBIZ Centric  
 219 South Street  
 New Providence, NJ 07974

Policy Term: 07/01/2019 to 07/01/2020 12:01 AM Eastern Standard Time

Article I - Property

Real and Personal Property	\$500,000,000 per occurrence NJSIG Limit
Extra Expense	\$50,000,000 per occurrence NJSIG Limit
Valuable Papers and Records	\$10,000,000 per occurrence NJSIG Limit
Demolition and Increased Cost of Construction	\$25,000,000 per occurrence NJSIG Limit
Loss of Rents	Not Covered per occurrence
Loss of Business Income/Tuition	\$20,000.00 per occurrence
Limited Builders Risk	\$10,000,000 per occurrence NJSIG Limit
Fire Department Service Charge	\$10,000 per occurrence
Arson Reward	\$10,000 per occurrence
Pollutant Cleanup and Removal	\$250,000 per occurrence/ NJSIG annual aggregate
Fine Arts	Not Covered
Sublimits: Special Flood Hazard Area Flood Zones	\$25,000,000 per occurrence/ NJSIG annual aggregate
Accounts Receivable	\$250,000 per occurrence/annual aggregate
All Flood Zones	\$75,000,000 per occurrence /NJSIG annual aggregate
Earthquake	\$50,000,000 per occurrence /NJSIG annual aggregate
Terrorism	\$1,000,000 per occurrence /NJSIG annual aggregate
Deductibles:	
Real & Personal	\$1,000 per occurrence
Extra Expense	\$1,000 per occurrence
Valuable Papers	\$1,000 per occurrence
Special Flood Hazard Area Flood Deductibles:	\$500,000 per building
	\$500,000 per building contents
All Other Flood Zones Flood Deductible:	\$10,000 per member/per occurrence



Article II - Electronic Data Processing

Data Processing Equipment Including Data and Media, Extra Expense, Business Income, Duplicates, Transit and Debris Removal	\$550,000 per occurrence
Terrorism	Included in Property
Computer Virus	\$250,000 (\$10,000,000 NJSIG Annual Aggregate)
Deductible:	\$1,000 per occurrence
Special Flood Hazard Area Flood Deductible:	\$500,000 per building contents
All Other Flood Zones Flood Deductible:	\$10,000 per member/per occurrence

Article III - Equipment Breakdown

Combined Single Limit per Accident for Property Damage and Business Income	\$100,000,000
SubLimits: Property Damage	Included
Off Premises Property Damage	\$1,000,000
Business Income	Included
Extra Expense	\$10,000,000
Service Interruption	\$10,000,000
Perishable Goods	\$1,000,000
Data Restoration	\$1,000,000
Contingent Business Income	\$1,000,000
Demolition	\$1,000,000
Ordinance or Law	\$1,000,000
Expediting Expenses	\$1,000,000
Hazardous Substances	\$1,000,000
Newly Acquired Locations (120 days notice)	\$1,000,000
Terrorism	Included

Deductibles: \$1,000 per Accident for Property Damage  
12 Hours for Indirect Coverages  
Service Interruption Waiting Period 24 Hours

Article IV - Crime

Insuring Agreements	Limits	Deductibles
Insuring Agreement 1 - Public Employee Dishonesty with Faithful Performance	\$250,000	\$1,000
Insuring Agreement 2 - Theft, Disappearance and Destruction - Loss of Money & Securities On or Off Premises	\$25,000	\$500
Insuring Agreement 3 - Theft, Disappearance and Destruction - Money Orders & Counterfeit Paper Currency	\$25,000	\$500
Insuring Agreement 4 - Forgery or Alteration	\$250,000	\$1,000
Insuring Agreement 5 - Computer Fraud	\$25,000	\$500
Public Officials Bond:		



New Jersey Schools Insurance Group  
 Educational Risk and Insurance Consortium - West  
 Package Policy Declarations

Policy Number: P876AK

Treasurer	\$200,000	\$1,000
Board Secretary	\$200,000	\$1,000

Article V - Comprehensive General Liability

Bodily Injury and Property Damage	\$16,000,000 per occurrence
Products and Completed Operations	\$16,000,000 annual aggregate
Sexual Abuse	\$16,000,000 per occurrence \$17,000,000 annual NJSIG aggregate
Personal Injury and Advertising Injury	\$16,000,000 per occurrence/annual aggregate
Employee Benefits Liability	\$16,000,000 per occurrence/annual aggregate
Employee Benefits Liability Deductible	\$1,000 each claim
Premises Medical Payments	\$10,000 per accident \$5,000 limit per person
Terrorism	\$1,000,000 per occurrence/annual NJSIG aggregate
Deductible	N/A



New Jersey Schools Insurance Group  
 Educational Risk and Insurance Consortium - West  
 Package Policy Declarations

Policy Number: P876AK

Article VI - Automobile

Liability

Symbol 1 Any Auto

Bodily Injury and Property Damage	\$16,000,000 per accident
Symbol 6 Uninsured/Underinsured Motorists - Private Passenger Autos	\$1,000,000 Per Accident
Symbol 6 Uninsured/Underinsured Motorists - All Other Vehicles	\$15,000 Bodily Injury Per Person \$30,000 Bodily Injury Per Accident \$5,000 Property Damage Per Accident
Symbol 5 Personal Injury Protection (including pedestrians)	\$250,000
Medical Payments	\$10,000 private passenger vehicles \$5,000 all other vehicles
Terrorism	\$1,000,000 per occurrence/annual NJSIG aggregate
Deductible	\$0
Physical Damage (Scheduled vehicles only)	
Symbol 7 Comprehensive	\$1,000 deductible
Collision	\$1,000 deductible
Hired Car Physical Damage \$110,000 Limit	\$1,000 deductible
Replacement Cost	Not Covered
Garage Keepers	Included



New Jersey Schools Insurance Group  
Educational Risk and Insurance Consortium - West  
Package Policy Declarations

Policy Number: P876AK

Applicable Policy Forms

NJSIG-P1 (7/17); NJSIG-PJLA (7/017); NJSIG-PPCA (7/14); NJSIG-PLR (7/17); NJSIG-DICC (7/15); NJSIG-P2 (7/17);  
NJSIG-BI (7/15); NJSIG-PGYM (07/08); NJSIG EDE (7/14)

NJSIG-EDP (7/18)

NJSIG-B1 (7/15); NJSIG-B2 (7/00)

NJSIG-CR1000 (7/15); NJSIG-CR-DP (7/15); NJSIG-CR-SS (7/15); NJSIG-CR-DBE (7/15); NJSIG-CR-NI (7/15);  
NJSIG-CR-AL (7/15); NJSIG-CR-FP (7/15); NJSIG-CR-BE (7/15); NJSIG-CR-VW (7/15); NJSIG-CR-SPE (7/15);  
NJSIG-CR-MOC (7/15); NJSIG-CR-LS (7/15); NJSIG-CR-MEE (7/15); NJSIG-CR-ES (7/15); NJSIG-CR-IWC (7/15);  
NJSIG-CBND1 (7/15)

NJSIG-G0 (7/17); NJSIG-G1 (7/17); NJSIG-G2 (7/17); NJSIG-G3 (7/17); NJSIG-G4 (7/09); NJSIG-GMP1 (7/17)

NJSIG-A1 (7/17); NJSIG-A2 (7/10); NJSIG-A3 (7/17); NJSIG-A4 (7/11); NJSIG-A5 (7/00); NJSIG-AGK1 (7/00);  
NJSIG-A6 (7/11); NJSIG-A7 (7/17); NJSIG-A8 (7/07)

NJSIG-D-PKG (7/19)

NJSIG-CPKG (7/15)

In witness whereof, the New Jersey Schools Insurance Group has  
caused this agreement to be signed by its Executive Director.

NJSIG Executive Director

NJSIG-D-PKG (7/19)



**New Jersey Schools Insurance Group**  
**Educational Risk and Insurance Consortium - West**  
**Schedule of Properties**

Named Insured: Paterson Charter School for Science and Technology

Policy No.: 876AK-01

Policy Period: 07/01/2019 to 07/01/2020

EDP Value: \$550,000

Fine Arts Value: \$0

Business Income Value: \$20,000

Loss of Rents Value:

Extra Expense Value (\$50,000,000 -Pool OCC Limit):

Valuable Papers Value (\$10,000,000 -Pool OCC Limit):

Bldg #	Description	Address	Flood Zone	Territory	Protection Class	Square Feet	Effective Date	Building Value		Builders Risk Value		Total Insured Value
								Year Built	Expiration Date	Contents Value	Misc Prop Value	
6	Paterson Charter School of Science & Tech (Grades 7-12)(Leased)	194-204 W. Railway Avenue Paterson, NJ 07503	X	Inland Replacement Cost	Masonry	87200	07/01/2019	\$18,486,400				\$20,861,400
1	Paterson Charter School of Science & Tech (Grades K-6)(Leased)	276 Wabash Avenue Paterson, NJ 07503	X	Inland Replacement Cost	Non-Combustible	68000	07/01/2019	\$14,416,000				\$15,141,000
8	Storage Trailer	276 Wabash Avenue Paterson, NJ 07503	X	Inland Replacement Cost	Misc Property	0	07/01/2019	\$0			\$7,800	\$7,800
7	Paterson Charter School of Science & Tech (Grades K-1)	53-59 Main Street Paterson, NJ 07505	AE	Inland Replacement Cost	Steel	30400	07/01/2019	\$7,344,000				\$7,644,000
						1960	07/01/2020	\$300,000				

Policy Totals	\$40,246,400	\$0	\$43,654,200
	\$3,400,000	\$7,800	



New Jersey Schools Insurance Group  
Schedule of Automobiles

Named Insured: Paterson Charter School for Science and Technology  
 Policy No.: 876AK-01  
 Policy Period: 07/01/2019 to 07/01/2020

Vehicle #	Year	Make	Model	Vin	Effective Date	Expiration Date	Cost New	ACV/RCV	AL	APD
1	2011	Ford	F150 Truck	E03404	07/01/2019	07/01/2020	\$26,523	Actual Cash Value	YES	YES

**NOTICE:**

This Schedule of Automobiles encompasses all vehicles that are covered during the 07/01/2019 to 07/01/2020 policy period. This is a scheduled vehicle policy, which means that every vehicle must be listed on this schedule in order for coverage to apply. If additional vehicles are purchased during the policy period you must notify your broker or NJSIG Member Services Representative immediately in order for coverage to apply. Also, each vehicle that is removed from service during the policy period must also be reported to your broker or NJSIG Member Services Representative immediately to ensure that the District promptly receives any return premium due.



New Jersey Schools Insurance Group  
 Educational Risk and Insurance Consortium - West  
 School Leaders Errors & Omissions Liability Policy Declarations

Policy Number: E876AK

Premium: \$50,227.04

Named Insured:  
 Paterson Charter School for Science and Technology  
 196 W. Railway Avenue  
 Paterson, NJ 07503

Agent:  
 CBIZ Insurance Services, Inc. dba CBIZ Centric  
 219 South Street  
 New Providence, NJ 07974

Policy Term: July 1, 2019 to July 1, 2020 12:01 AM Eastern Standard Time

Coverage A	
Limit of Liability	
NJSIG	\$15,000,000 each policy period Excess of:
QBE Specialty Ins. Co.	\$1,000,000 each policy period/ \$3,000,000 annual aggregate
Deductible	\$5,000 each claim
Coverage B	
Limit of Liability	\$100,000 each claim
	\$300,000 each policy period
Deductible	\$5,000 each claim

These are claims-made and reported policies. By acceptance of these policies, the Insured agrees that the statements in the Declarations and the application and any attachments hereto are the Insured's agreements and representations and that these policies embody all agreements existing between the Insured and the Companies or any of its agents relating to this insurance.

Retroactive Dates for Coverages A & B

It is agreed that notwithstanding any provision of these policies to the contrary, these policies do not apply, as respects Coverages A & B, to claims made against the Insured arising out of a single act, error, omission, misstatement or misleading statement which occurred prior to:

Retro Date for Coverage A	July 1, 1986
Retro Date for Coverage B	July 1, 1986

Policy Forms: NJSIG-E1 (7/15)

In witness whereof, the New Jersey Schools Insurance Group has caused this agreement to be signed by its Executive Director.

*William M Mayo*  
 NJSIG Executive Director

NJSIG-D-EO (7/17)

Page 1





New Jersey Schools Insurance Group  
Educational Risk and Insurance Consortium - West

Workers' Compensation and Employers' Liability Declarations Page

Policy Number: W876AK

Premium: \$147,036.34

Named Insured:

Paterson Charter School for Science and Technology  
196 W. Railway Avenue  
Paterson, NJ 07503

Agent:

CBIZ Insurance Services, Inc. dba CBIZ Centric  
219 South Street  
New Providence, NJ 07974

Policy Term: 07/01/2019 to 07/01/2020 12:01 AM Eastern Standard Time

Estimated Professional & Clerical Payroll	\$11,328,322.00
Estimated Non-Professional Payroll	\$257,987.00
Experience Modifier	1.2647
ERIC West Discount	0.5560

The limits of our liability under Part One, Worker's Compensation Agreement are: Statutory

The limits of our liability under Part Two, Employers' Liability Agreement are:

Bodily Injury by Accident	\$3,000,000 each accident
Bodily Injury by Disease	\$3,000,000 each employee
Bodily Injury by Disease	\$3,000,000 aggregate limit

Policy Forms: NJSIG-W1 (7/03); NJSIG-W2 (7/03)

In witness whereof, the New Jersey Schools Insurance Group has caused this agreement to be signed by its Executive Director.

NJSIG Executive Director



New Jersey Schools Insurance Group  
Educational Risk and Insurance Consortium - West  
General Change Endorsement

**Policy Number:** P876AK-01

**Premium:** Waived

**Named Insured:**

Paterson Charter School for Science and Technology  
196 W. Railway Avenue  
Paterson , NJ 07503

**Agent:**

CBIZ Insurance Services, Inc. dba CBIZ Centric  
219 South Street  
New Providence, NJ 07974

**Policy Term:** July 1, 2019 to July 1, 2020 12:01 AM Eastern Standard Time

It is hereby understood and agreed that:

Section C Persons Insured by the Comprehensive General Liability Coverage NJSIG-G1 is amended to include the person(s) or organization(s) named on the attached Certificate of Insurance as an Additional Insured, but only for the accidents directly caused by the Named Insured's operations or accidents on that part of the premises owned by, rented to, or used by the Named Insured, and only for the Additional Insured's vicarious liability for the Named Insured's acts or omissions. This insurance does not cover the Additional Insured's own negligence (either active or passive) or liability due to its independent acts or omissions.

**Effective Date:** 07/01/2019

**Endorsement Number:** 5

**Endorsement Issue Date:** 06/27/2019

This endorsement should be attached to the existing policy as noted above. All other terms and conditions of the policy remain unchanged.

  
William M. Mayo  
NJSIG Executive Director



New Jersey Schools Insurance Group  
Educational Risk and Insurance Consortium - West  
General Change Endorsement

**Policy Number:** P876AK-01

**Premium:** Waived

**Named Insured:**

Paterson Charter School for Science and Technology  
196 W. Railway Avenue  
Paterson, NJ 07503

**Agent:**

CBIZ Insurance Services, Inc. dba CBIZ Centric  
219 South Street  
New Providence, NJ 07974

**Policy Term:** July 1, 2019 to July 1, 2020 12:01 AM Eastern Standard Time

It is hereby agreed and understood that the policy is amended as follows:

Valley National Bank ISAOA/ATIMA 1720 Route 23, Wayne, NJ 07470 is listed Loss Payee with respects to Loan # 000450058375 for Line of Credit \$350,000.00 - collateralized with contents of (leased location) 194-204 W. Railway Avenue, Paterson, NJ 07503

**Effective Date:** 07/01/2019

**Endorsement Number:** 6

**Endorsement Issue Date:** 06/27/2019

This endorsement should be attached to the existing policy as noted above. All other terms and conditions of the policy remain unchanged.

  
William M. Mayo  
NJSIG Executive Director

## New Jersey Schools Insurance Group

Public Official Bond

Number P876AK

Know all men by these present that we, Christopher Lessard of 595 Mountain View Avenue, Nazareth, PA 18064, in the state of New Jersey as principal and the New Jersey Schools Insurance Group, a self-insured pool, duly organized and existing under and by the virtue of the laws of the State of New Jersey, and authorized to become sole Surety on bonds in the State of New Jersey as Surety, and held and firmly bound unto Paterson Charter School for Science and Technology in the State of New Jersey, in the penal sum of \$200,000, lawful money of the United States, for payment of which will truly be made, said Principal binds himself/herself, its successors and assigns, jointly and severally, firmly by these present, the liability of Surety, however being limited to the penal amount above regardless of the number of years this bond remains in force or the number of premiums paid.

Whereas the said Principal has been appointed to the office of Treasurer. The term for this bond begins July 1, 2019 and ends July 1, 2020, and is required to furnish the bond for the faithful performance of the duties of said position.

Now, therefore the conditions of this obligation are such that if the above bounden Principal shall (except as hereafter provided) faithfully perform the duties of his/her position during the said term, and shall pay over to the persons authorized by law to receive the same, all moneys that may come into his/her hands during the said term without fraud or delay, and at the expiration of said term, or in the case of his/her resignation or removal from his/her position shall turn over to his/her successors all records and property which have come into his/her hands, then this obligation shall be null and void.

Provided, however, that the above named Surety shall not be liable hereunder for any loss of public funds resulting from the insolvency of any bank or banks in which said funds are deposited, and if this provision shall be held void, this entire bond shall be void.

And provided further, that the Surety may cancel this bond at any time during the said term by giving to the Obligee a written notice of its desire to so cancel and at the expiration of thirty (30) days from the receipt of such notice by the Obligee the Surety shall be completely released as to all liability thereafter accruing. If this provision shall be held void, this entire bond shall be void.



NJSIG Executive Director

NJSIG-CBND1 (07/15)

## New Jersey Schools Insurance Group

Public Official Bond

Number P876AK

Know all men by these present that we, Ahmet Anar of 77 Ohlson Avenue, Nutley, NJ 07110, in the state of New Jersey as principal and the New Jersey Schools Insurance Group, a self-insured pool, duly organized and existing under and by the virtue of the laws of the State of New Jersey, and authorized to become sole Surety on bonds in the State of New Jersey as Surety, and held and firmly bound unto Paterson Charter School for Science and Technology in the State of New Jersey, in the penal sum of \$200,000, lawful money of the United States, for payment of which will truly be made, said Principal binds himself/herself, its successors and assigns, jointly and severally, firmly by these present, the liability of Surety, however being limited to the penal amount above regardless of the number of years this bond remains in force or the number of premiums paid.

Whereas the said Principal has been appointed to the office of Board Secretary. The term for this bond begins July 1, 2019 and ends July 1, 2020, and is required to furnish the bond for the faithful performance of the duties of said position.

Now, therefore the conditions of this obligation are such that if the above bounden Principal shall (except as hereafter provided) faithfully perform the duties of his/her position during the said term, and shall pay over to the persons authorized by law to receive the same, all moneys that may come into his/her hands during the said term without fraud or delay, and at the expiration of said term, or in the case of his/her resignation or removal from his/her position shall turn over to his/her successors all records and property which have come into his/her hands, then this obligation shall be null and void.

Provided, however, that the above named Surety shall not be liable hereunder for any loss of public funds resulting from the insolvency of any bank or banks in which said funds are deposited, and if this provision shall be held void, this entire bond shall be void.

And provided further, that the Surety may cancel this bond at any time during the said term by giving to the Obligee a written notice of its desire to so cancel and at the expiration of thirty (30) days from the receipt of such notice by the Obligee the Surety shall be completely released as to all liability thereafter accruing. If this provision shall be held void, this entire bond shall be void.



NJSIG Executive Director

NJSIG-CBND1 (07/15)

**SECTION 1: SCHEDULE OF BENEFITS**

**POLICYHOLDER:** Catlin Insurance Company, Inc. Insurance Trust;

**ADDRESS:** 1400 16<sup>th</sup> Street, NW, Suite 101  
Washington, DC 20036;

**POLICY NUMBER:** US00092129AC19A;

**POLICY EFFECTIVE DATE:** August 1, 2019;

**POLICY TERM:** August 1, 2019 – August 1, 2020;

**PARTICIPATING ORGANIZATION:** Paterson Charter School

**PARTICIPATING ORGANIZATION ADDRESS:** 196 W. Railway Ave,  
Paterson, NJ 07503,

**PREMIUM DUE DATE:** Annually in advance;

**AGGREGATE LIMIT:**  
Benefit Maximum: \$500,000;

We will not pay more than the Benefit Maximum for all losses per Covered Accident. If, in the absence of this provision, We would pay more than Benefit Maximum for all losses from one Covered Accident, then the benefits payable to each person with a valid claim will be reduced proportionately, so the total amount We will pay is the Benefit Maximum.

The Aggregate limitation applies only to the following coverages: Accidental Death; Dismemberment.

**CLASSES OF ELIGIBLE PERSONS:**

Class 1: All school sponsored and supervised activities, including, but not restrict to, interscholastic sports.

Class 2: All volunteer workers of the Policyholder.

**HAZARDS INSURED AGAINST:**

Class 1: Sponsored Activities;

Class 2: Sponsored Activities;

**DESCRIPTION OF BENEFITS**

**ACCIDENTAL DEATH & DISMEMBERMENT BENEFITS**

Principal Sum: \$25,000

Time Period for Loss from date of Accident: 365 days;

Covered Losses: See Benefit;

**AMBULANCE BENEFIT**

Maximum Benefit: \$100 per calendar year;

**MEDICAL EXPENSE BENEFITS**

Maximum Benefit: \$25,000;  
 Deductible: \$0;  
 Deductible must be incurred within: 2 years;  
 Maximum Benefit Period: 2 years from the date of the Covered Accident;  
 Maximum for Pre-existing Conditions: \$25,000;  
 Maximum for Dental Treatment (injury only): \$25,000;  
 Maximum for Emergency Medical Treatment of Pregnancy: \$0;  
 Maximum for treatment in an Emergency Room: \$25,000;

**REPORTING AND NOTICE ADDRESSES:**

**Claim Reporting:** BMI Benefits, LLC  
 P.O Box 511  
 Matawan, NJ 07747;

**INITIAL PREMIUM RATES:**

\$14,720 per year;

**SECTION 2: DEFINITIONS**

Please note, certain words used in this document have specific meanings. These terms will be capitalized throughout the document. The definition of any word, if not defined in the text where it is used, may be found either in this Definitions section or in the Schedule of Benefits.

**Accident** means a: sudden; unexpected; and unintended event.

**Active Service** means a Covered Person is either 1) actively at work performing all the regular duties on a full-time basis either at his or her employer's place of business or someplace the employer requires him or her to be; or 2) if not employed, able to engage in substantially all of the usual activities of a person in good health of like age and sex and not confined in a Hospital or rehabilitation or rest facility.

**Administrator** means the entity or organization named on the Policy Face Page that is empowered by their contract with Us to process, administer, and manage the terms of the Blanket Policy on Our behalf.

**Base Annual Earnings** means the Covered Person's regular annualized periodic pay excluding: overtime; bonuses; tips; commission; and special compensation.

**Beneficiary**, in the case of death of the Covered Person, means a person named by the Covered Person to receive benefits provided by this Policy.

**Benefit** means cash payable or services offered to the Covered Person or the Beneficiary as detailed in the Schedule of Benefits, limited by the terms and provisions of this Policy.

**Certificate** is the evidence of the Covered Person's coverage under this Policy. Coverage is subject to the Policy provisions. The Certificate is not the Policy.

**Civil union** means a same-sex relationship similar to marriage that is recognized by law.

**Coverage** means the specific types of losses covered by this Policy.

**UNITED STATES FIRE INSURANCE COMPANY**

Administrative Offices: 5 Christopher Way • Eatontown, NJ 07724

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**BLANKET ACCIDENT ONLY CERTIFICATE**

**POLICYHOLDER:** Paterson Charter School

**POLICY NUMBER:** US1221823

**POLICY EFFECTIVE DATE:** July 1, 2019

**POLICY EXPIRATION DATE:** July 1, 2020

This Certificate is issued in the state of New Jersey and shall be governed by its laws.

This Certificate contains the terms under which the Insurance Company agrees to insure certain persons and pay benefits.

The Insurance Company and the Policyholder have agreed to all the terms of this Certificate.

The Company agrees to provide insurance, in exchange for the payment of the required premium. Coverage is subject to the terms and conditions described in the Policy and this Certificate.

**10 DAY RIGHT TO RETURN THIS CERTIFICATE**

If for any reason, you are not satisfied with this Certificate, you may return it to us within 10 days after receiving it. Upon its return, we will refund any premium paid and this Certificate will be deemed void, just as though it had never been issued.

**THIS IS ACCIDENT ONLY COVERAGE.**

**READ IT CAREFULLY.**

**BENEFITS ARE NOT PAYABLE FOR LOSS DUE TO SICKNESS.**

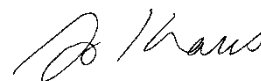
**THIS CERTIFICATE PAYS BENEFITS FOR SPECIFIC LOSSES FROM ACCIDENTS ONLY.**

**THIS CERTIFICATE IS NOT RENEWABLE.**

Signed for **United States Fire Insurance Company** By:



Marc J. Adey  
Chairman and CEO



James Kraus  
Secretary



**SCHEDULE OF BENEFITS**

**BENEFIT PERIOD:** 520 weeks from the date of the Covered Injury, provided the Expense occurs prior to the Expiration Date and care is Medically Necessary.

**CLASS OF ELIGIBLE PERSONS:** All enrolled students of the Policyholder participating in sports including football.

**ACCIDENTAL DEATH AND DISMEMBERMENT**

**Principal Sum:** \$10,000  
**Aggregate Limit Amount:** \$500,000  
**Time Period for Loss:** 365 days

**CATASTROPHIC CASH BENEFIT** \$1,000,000

**ACCIDENT MEDICAL EXPENSE BENEFIT**

**Maximum Amount per occurrence per Covered Person** \$5,000,000

**Disappearing Deductible:** \$25,000

The Disappearing deductible must be satisfied before this plan will pay benefits. Amounts paid by other carriers will be used to satisfy the deductible under this plan. With a Disappearing Deductible, any amounts paid by other valid and collectible insurance toward the satisfaction of bills generated as a result of a covered accident will count toward satisfying the deductible. If the Covered Person's primary insurance makes any payment on an eligible expense, it counts toward the deductible, and amounts paid in excess of and applied to the deductible will cause the deductible to disappear or be reduced.

Any Deductibles, Benefit Periods, and benefit maximums apply on a per Covered Person, per Covered Accident basis.

Any Deductibles apply to all of the below Accident Medical Expense Benefits unless otherwise indicated in the Schedule below.

**ACCIDENT MEDICAL EXPENSE BENEFITS**

<b>Hospital Room &amp; Board Daily Maximum Benefit:</b>	<b>100% of the Semi-Private Room Rate up to \$5,000,000</b>
<b>Intensive Care Room &amp; Board:</b>	<b>100% of URC up to \$5,000,000</b>
<b>Hospital Miscellaneous Benefit:</b>	<b>100% of URC up to \$5,000,000</b>
<b>In-Patient Surgical Benefits:</b>	
Primary Surgeons Maximum Benefit Amount:	<b>100% of URC up to \$5,000,000</b>
Assistant Surgeon Benefit:	<b>100% of URC up to \$5,000,000</b>
<b>Out-Patient Surgery Benefits:</b>	
Outpatient Primary Surgeons Maximum Benefit Amount:	<b>100% of URC up to \$5,000,000</b>
Outpatient Assistant Surgeon Maximum Benefit:	<b>100% of URC up to \$5,000,000</b>
Outpatient Surgical Facility Maximum Benefit	<b>100% of URC up to \$5,000,000</b>
<b>Emergency Room Benefit</b>	<b>100% of URC up to \$5,000,000</b>
<b>Anesthesia Benefit:</b>	<b>100% of URC up to \$5,000,000</b>
<b>Physician's Visits</b>	
In-Hospital Maximum Benefit:	<b>100% of URC up to \$5,000,000</b>
<b>Physician's Visits</b>	
Office Visits (Out-of-Hospital) Maximum Benefit:	<b>100% of URC up to \$5,000,000</b>
<b>X-Ray Benefit</b>	<b>100% of URC up to \$5,000,000</b>
<b>Laboratory Benefit</b>	<b>100% of URC up to \$5,000,000</b>
<b>Nursing Benefit Amount:</b>	<b>100% of URC up to \$5,000,000</b>
<b>Outpatient Physiotherapy Benefit</b>	<b>100% of URC up to \$5,000,000</b>
<b>Ambulance Benefit Amount:</b>	<b>100% of URC up to \$5,000,000</b>
<b>Dental Treatment For Injury Only Benefit Amount:</b>	<b>100% of URC up to \$5,000,000</b>

**ADDITIONAL ACCIDENT BENEFITS**

<b>HEART OR CIRCULATORY MALFUNCTION BENEFIT</b>	<b>100% of URC up to \$5,000,000</b>
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<b>EXPANDED MEDICAL TREATMENT BENEFIT</b>	<b>100% of URC up to \$5,000,000</b>
<b>RE-AGGRAVATION OF PRIOR SPORTS INJURY BENEFIT</b>	<b>100% of URC up to \$5,000,000</b>
<b>OUT-PATIENT PRESCRIPTION DRUG BENEFIT</b>	
Benefit payable per prescription	<b>100% of URC up to \$5,000,000</b>
<b>REHABILITATION EXPENSE BENEFIT</b>	
Benefit per Covered Accident	<b>100% of URC up to \$5,000,000</b>
<b>DURABLE MEDICAL EQUIPMENT BENEFIT</b>	<b>\$5,000,000</b>

### DEFINITIONS

The terms shown below shall have the meaning given in this section whenever they appear in this Certificate. Additional terms may be defined within the provision to which they apply.

**Accident** means a sudden, unforeseeable external event which:

1. Causes Injury to one or more Covered Persons; and
2. Occurs while coverage is in effect for the Covered Person.

**Actively at Work** means a Covered Person who is not hospital confined and is able to perform the material and substantial duties of his regular occupation on a full-time basis 20-40 or more hours per week, considering the nature of the occupation; and, the time those engaged in a like occupation with the community normally devote to it

**Benefit Period** means the period of time from the date of Injury, as shown in the Schedule of Benefits.

**Civil Union Partner:** The parties to a civil union are entitled to the same legal obligations, responsibilities, protections and benefits that are afforded to spouses. Throughout this Certificate, , a party to a civil union shall be included in any definition or use of the terms such as spouse, family dependent, next of kin, and other terms descriptive of spousal relationships. This includes civil union relationships entered outside of New Jersey that provide substantially all of the rights and benefits of marriage and are valid under the laws of the jurisdiction in which the civil union relationship was entered. This also includes the terms 'marriage' or 'married' or variations thereon. The term spouse or dependent includes civil union couples whenever used.

**Club** means an organization of students formed for the purpose of engaging in competition in a particular sport or activity. Competition between student clubs from different colleges, not organized by and therefore not representing the institution or their faculties, may also be called "Intercollegiate" sports or activities.

**Corridor Deductible** means a specified amount of financial responsibility that the Covered Person must pay before We will pay a claim regardless of any other insurance deductibles or payments. It applies separately for each Covered Person.

**Covered Expenses** means expenses actually incurred by or on behalf of a Covered Person for the Usual, Reasonable and Customary charges for the Medically Necessary treatment, services and supplies

**UNITED STATES FIRE INSURANCE COMPANY**

Administrative Offices: 5 Christopher Way • Eatontown, NJ 07724

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**BLANKET ACCIDENT ONLY POLICY**

**POLICYHOLDER:** Paterson Charter School

**POLICY NUMBER:** US1221823

**POLICY EFFECTIVE DATE:** July 1, 2019

**POLICY EXPIRATION DATE:** July 1, 2020

This Policy is issued in the state of New Jersey and shall be governed by its laws.

This Policy contains the terms under which the Insurance Company agrees to insure certain persons and pay benefits.

The Insurance Company and the Policyholder have agreed to all the terms of this Policy.

The Company agrees to provide insurance, in exchange for the payment of the required premium. Coverage is subject to the terms and conditions described in the Policy and the Certificate.

**10 DAY RIGHT TO RETURN THIS POLICY**

If for any reason, you are not satisfied with this Policy, you may return it to us within 10 days after receiving it. Upon its return, we will refund any premium paid and this Policy will be deemed void, just as though it had never been issued.

**THIS IS ACCIDENT ONLY COVERAGE.**

**READ IT CAREFULLY.**

**BENEFITS ARE NOT PAYABLE FOR LOSS DUE TO SICKNESS.**

**THIS POLICY PAYS BENEFITS FOR SPECIFIC LOSSES FROM ACCIDENTS ONLY.**

**THIS POLICY IS NOT RENEWABLE.**

Signed for **United States Fire Insurance Company** By:



Marc J. Adee  
Chairman and CEO



James Kraus  
Secretary

**SCHEDULE OF BENEFITS**

**BENEFIT PERIOD:** 520 weeks from the date of the Covered Injury, provided the Expense occurs prior to the Expiration Date and care is Medically Necessary.

**CLASS OF ELIGIBLE PERSONS:** All enrolled students of the Policyholder participating in sports and football.

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**ACCIDENTAL DEATH AND DISMEMBERMENT**

**Principal Sum:** \$10,000  
**Aggregate Limit Amount:** \$500,000  
**Time Period for Loss:** 365 days

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**CATASTROPHIC CASH BENEFIT** \$1,000,000

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**ACCIDENT MEDICAL EXPENSE BENEFIT**

**Maximum Amount per occurrence per Covered Person** \$5,000,000

**Disappearing Deductible:** \$25,000

The Disappearing deductible must be satisfied before this plan will pay benefits. Amounts paid by other carriers will be used to satisfy the deductible under this plan. With a Disappearing Deductible, any amounts paid by other valid and collectible insurance toward the satisfaction of bills generated as a result of a covered accident will count toward satisfying the deductible. If the Covered Person's primary insurance makes any payment on an eligible expense, it counts toward the deductible, and amounts paid in excess of and applied to the deductible will cause the deductible to disappear or be reduced.

Any Deductibles, Benefit Periods, and benefit maximums apply on a per Covered Person, per Covered Accident basis.

Any Deductibles apply to all of the below Accident Medical Expense Benefits unless otherwise indicated in the Schedule below.

**ACCIDENT MEDICAL EXPENSE BENEFITS**

<b>Hospital Room &amp; Board Daily Maximum Benefit:</b>	<b>100% of the Semi-Private Room Rate up to \$5,000,000</b>
<b>Intensive Care Room &amp; Board:</b>	<b>100% of URC up to \$5,000,000</b>
<b>Hospital Miscellaneous Benefit: In-Patient Surgical Benefits:</b>	<b>100% of URC up to \$5,000,000</b>
Primary Surgeons Maximum Benefit Amount:	<b>100% of URC up to \$5,000,000</b>
Assistant Surgeon Benefit:	<b>100% of URC up to \$5,000,000</b>
<b>Out-Patient Surgery Benefits:</b>	
Outpatient Primary Surgeons Maximum Benefit Amount:	<b>100% of URC up to \$5,000,000</b>
Outpatient Assistant Surgeon Maximum Benefit:	<b>100% of URC up to \$5,000,000</b>
Outpatient Surgical Facility Maximum Benefit	<b>100% of URC up to \$5,000,000</b>
<b>Emergency Room Benefit</b>	<b>100% of URC up to \$5,000,000</b>
<b>Anesthesia Benefit:</b>	<b>100% of URC up to \$5,000,000</b>
<b>Physician's Visits</b>	
In-Hospital Maximum Benefit:	<b>100% of URC up to \$5,000,000</b>
<b>Physician's Visits</b>	
Office Visits (Out-of-Hospital) Maximum Benefit:	<b>100% of URC up to \$5,000,000</b>
<b>X-Ray Benefit</b>	<b>100% of URC up to \$5,000,000</b>
<b>Laboratory Benefit</b>	<b>100% of URC up to \$5,000,000</b>
<b>Nursing Benefit Amount:</b>	<b>100% of URC up to \$5,000,000</b>
<b>Outpatient Physiotherapy Benefit</b>	<b>100% of URC up to \$5,000,000</b>
<b>Ambulance Benefit Amount: Dental Treatment For Injury Only Benefit Amount:</b>	<b>100% of URC up to \$5,000,000</b>

**ADDITIONAL ACCIDENT BENEFITS**

<b>HEART OR CIRCULATORY MALFUNCTION BENEFIT</b>	<b>100% of URC up to \$5,000,000</b>
<b>EXPANDED MEDICAL TREATMENT BENEFIT</b>	<b>100% of URC up to \$5,000,000</b>
<b>RE-AGGRAVATION OF PRIOR SPORTS INJURY BENEFIT</b>	<b>100% of URC up to \$5,000,000</b>
<b>OUT-PATIENT PRESCRIPTION DRUG BENEFIT</b>	
Benefit payable per prescription	<b>100% of URC up to \$5,000,000</b>
<b>REHABILITATION EXPENSE BENEFIT</b>	
Benefit per Covered Accident	<b>100% of URC up to \$5,000,000</b>
<b>DURABLE MEDICAL EQUIPMENT BENEFIT</b>	<b>\$5,000,000</b>

## DEFINITIONS

The terms shown below shall have the meaning given in this section whenever they appear in this Policy. Additional terms may be defined within the provision to which they apply.

**Accident** means a sudden, unforeseeable external event which:

1. Causes Injury to one or more Covered Persons; and
2. Occurs while coverage is in effect for the Covered Person.

**Actively at Work** means a Covered Person who is not hospital confined and is able to perform the material and substantial duties of his regular occupation on a full-time basis 20-40 or more hours per week, considering the nature of the occupation; and, the time those engaged in a like occupation with the community normally devote to it.

**Benefit Period** means the period of time from the date of Injury, as shown in the Schedule of Benefits.

**Civil Union Partner:** The parties to a civil union are entitled to the same legal obligations, responsibilities, protections and benefits that are afforded to spouses. Throughout the Policy, a party to a civil union shall be included in any definition or use of the terms such as spouse, family dependent, next of kin, and other terms descriptive of spousal relationships. This includes civil union relationships entered outside of New Jersey that provide substantially all of the rights and benefits of marriage and are valid under the laws of the jurisdiction in which the civil union relationship was entered. This also includes the terms 'marriage' or 'married' or variations thereon.

**Club** means an organization of students formed for the purpose of engaging in competition in a particular sport or activity. Competition between student clubs from different colleges, not organized by and therefore not representing the institution or their faculties, may also be called "Intercollegiate" sports or activities.

**Corridor Deductible** means a specified amount of financial responsibility that the Covered Person must pay before we will pay a claim regardless of any other insurance deductibles or payments. It applies separately for each Covered Person.

**Covered Expenses** means expenses actually incurred by or on behalf of a Covered Person for the Usual, Reasonable and Customary charges for the Medically Necessary treatment, services and supplies covered by the Policy and which is performed or given under the direction of a Physician for treatment of



CBIZ INSURANCE SERVICES INC  
219 SOUTH STREET  
NEW PROVIDENCE, NJ 07974

Agency Phone: (908) 738-2050

NFIP Policy Number: 0002580993  
Company Policy Number: FLD2580993  
Agent:

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CBIZ INSURANCE SERVICES INC CBIZ INSURANCE SERVICES INC

Policy Term: 07/17/2019 12:01 AM through 07/17/2020 12:01 AM  
Renewal Billing Payor: INSURED

To report a claim visit or call us at: www.myselectiveflood.com (877) 348-0552

## FLOOD INSURANCE POLICY DECLARATIONS

### STANDARD POLICY - GENERAL PROPERTY FORM

<b>DELIVERY ADDRESS</b>	<b>INSURED NAME(S) AND MAILING ADDRESS</b>
PATERSON CHARTER SCHOOL FOR SCIENCE & TECHNOLOGY 196 W RAILWAY AVE PATERSON, NJ 07503	PATERSON CHARTER SCHOOL FOR SCIENCE & TECHNOLOGY 196 W RAILWAY AVE PATERSON, NJ 07503

<b>COMPANY MAILING ADDRESS</b>	<b>PROPERTY LOCATION</b>
Selective Ins. Co. of New England PO BOX 782747 PHILADELPHIA, PA 19178-2747	53-59 MAIN ST PATERSON, NJ 07505

Refer to www.fema.gov/cost-of-flood for more information about flood risk and policy rating.

DESCRIPTION: SCHOOL

<b>RATING INFORMATION</b>		<b>DATE OF CONSTRUCTION:</b> 01/01/1948	
ORIGINAL NEW BUSINESS DATE:	07/17/2019	COMMUNITY NUMBER:	340404 0216 F REGULAR PROGRAM
REINSTATEMENT DATE:	N/A	COMMUNITY NAME:	PATERSON, CITY OF
BUILDING OCCUPANCY:	OTHER NON-RESIDENTIAL	CURRENT FLOOD ZONE:	AE
CONDOMINIUM INDICATOR:	NOT A CONDO	GRANDFATHERED:	NO
NUMBER OF UNITS:	N/A	FLOOD RISK/RATED ZONE:	AE
PRIMARY RESIDENCE:	NO	ELEVATION DIFFERENCE:	N/A
ADDITIONS/EXTENSIONS:	I - INCLUDES ADDITIONS/EXTENSIONS	ELEVATED BUILDING TYPE:	NON-ELEVATED
BUILDING TYPE:	THREE OR MORE FLOORS		
BASEMENT/ENCLOSURE/CRAWLSPACE TYPE:	UNFINISHED BASEMENT		

<b>MORTGAGEE / ADDITIONAL INTEREST INFORMATION</b>	
FIRST MORTGAGEE:	LOAN NO: N/A
SECOND MORTGAGEE:	LOAN NO: N/A
ADDITIONAL INTEREST:	LOAN NO: N/A
DISASTER AGENCY:	CASE NO: N/A DISASTER AGENCY:

### PREMIUM CALCULATION – Pre-FIRM Subsidized Standard

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>	<u>BASIC COVERAGE</u>	<u>BASIC RATE</u>	<u>ADD'L COVERAGE</u>	<u>ADD'L RATE</u>	<u>DED. DISCOUNT/SURCHARGE</u>	<u>PREMIUM</u>
BUILDING	\$500,000	\$50,000	\$175,000	1.280	\$325,000	2.220	(\$3,782.00)	\$5,673.00
CONTENTS	\$150,000	\$50,000	\$150,000	2.390	\$0	3.780	(\$1,434.00)	\$2,151.00

Coverage limitations may apply. See your policy form for details.

<b>ANNUAL SUBTOTAL:</b>	\$7,824.00
INCREASED COST OF COMPLIANCE:	\$49.00
COMMUNITY RATING DISCOUNT: 0%	\$0.00
RESERVE FUND ASSESSMENT: 15.0%	\$1,181.00
PROBATION SURCHARGE:	\$0.00
<b>ANNUAL PREMIUM:</b>	<b>\$9,054.00</b>
HFIAA SURCHARGE:	\$250.00
FEDERAL POLICY SERVICE FEE:	\$50.00
<b>TOTAL:</b>	<b>\$9,354.00</b>

IN WITNESS WHEREOF, I have signed this policy below and enter in to this Insurance Agreement

Michael H. Lanza / Secretary

Gregory E. Murphy / Chairman

**Zero Balance Due - This Is Not A Bill**

This declarations page along with the Standard Flood Insurance Policy Form constitutes your flood insurance policy.

Policy issued by Selective Ins. Co. of New England

Company NAIC: 11867



File: 10522426

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DocID: 85917502



**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
 New Jersey Performance Framework Financial Ratios  
 Audited Performance Indicators  
 Last Three Fiscal Years

	2018 Audit	2019 Audit	2020 Audit	Source
Cash	3,223,513	4,493,274	7,512,199	Audit: Exhibit A-1
Current Assets (include cash)	3,646,485	5,329,940	8,001,936	Audit: Exhibit A-1
Current Liabilities	175,716	477,687	559,722	Audit: Exhibit A-1
Total Expenses	23,305,265	24,461,296	24,725,163	Audit: Exhibit A-2
Change in Net Position	2,057,736	2,595,093	3,337,931	Audit: Exhibit A-2
Final Average Daily Enrollment (exclude PK)*	1,386.20	1,434.00	0.00	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)	1,392	1,440	0	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/note/bond payable:</i>				
Depreciation Expense	328,946	269,497	225,569	Auditor/Workpapers
Interest Expense	-	-	-	Auditor/Workpapers
Principal Payments	-	-	-	Auditor/Workpapers
Interest Payments	-	-	-	Auditor/Workpapers

	3 YR CUM			Calculation****	Target****
	2018	2019	2020		
<b>Performance Indicators</b>					
<b>Near Term Indicators</b>					
1a.	20.75	11.16	14.30	Current Assets/Current Liabilities	> 1.1 or between 1.0-1.1 with positive trend
1b.	50	67	111	Cash/(Total Expenses/365)	60 days or 30-60 days with positive trend
1c.	100%	100%	0%	Average Daily Enrollment/Budgeted Enrollment	>95% or >95% for 3 yr cum
1d.**	NO	NO	NO	Auditor	not in default
<b>Sustainability Indicators</b>					
2a***	2,115,319	1,269,761	3,018,925	Net change in cash flow from prior years	3 yr cum positive with most recent year positive
2b	N/A	N/A	N/A	N/A or (Change in Net Position + depreciation + interest expense) / (principal + interest payments)	>1.10

\* For renaissance schools: use Oct 15 count if no final count; use head count if ADE not available  
 \*\* Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No  
 \*\*\* 2020 =2020 Cash; -2019 Cash; 2019 =2019 Cash; 2018 =2018 Cash; 2018 =2018 Cash -2017 Cash  
 \*\*\*\* Refer to NJ Performance Framework



***SINGLE AUDIT SECTION***

**BARRE & COMPANY LLC**  
**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**  
2204 Morris Avenue, Suite 206  
Union, New Jersey 07083  
908-686-3484  
FAX – 908-686-6055  
www.cpa-bc.com ♦ info@cpa-bc.com

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Paterson Charter School for Science and Technology (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 and have issued our report thereon dated January 18, 2021.

***Internal Control over Financial Reporting***

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

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and state awarding agencies and pass-through entities, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
BARRE & COMPANY LLC  
Certified Public Accountants  
Public School Accountant

  
Richard M. Barre, CPA  
Public School Accountant  
PSA Number CS-01181

Union, New Jersey  
January 18, 2021

**BARRE & COMPANY LLC**  
**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND NEW JERSEY  
CIRCULAR 15-08-OMB**

**INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the Paterson Charter School for Science and Technology's (Charter School) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* and the New Jersey Circular 15-08-OMB *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the fiscal 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***

The Charter School's management is responsible for compliance with state statutes of laws, regulations and the terms and conditions of its state awards applicable to its federal and state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Charter School's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements 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 audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State*

*Grants and State Aid.* Those standards, Uniform Guidance and New Jersey Circular 15-08-OMB require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal and State Program***

In our opinion, the Paterson Charter School for Science and Technology, in the County of Passaic, State of New Jersey, 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 programs for the year ended June 30, 2020.

### ***Report on Internal Control over Compliance***

Management of the Paterson Charter School for Science and Technology is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or 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 Uniform Guidance and New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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.

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

***Purpose of this Report***

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

  
BARRE & COMPANY LLC  
Certified Public Accountants  
Public School Accountant

  
Richard M. Barre, CPA  
Public School Accountant  
PSA Number CS-01181

Union, New Jersey  
January 18, 2021

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2020

Federal CFDA Program Title	Federal Number	FAIN	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2019	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Pass-Through To Subrecipients	Adjustments	Repayment Of Prior Years' Balances	Balance at June 30, 2020	
													Accounts Receivable	Due to Grantor
<b>U.S. Department of Education</b>														
Medical Assistance Program (SEMI)														
Total General Fund														
<b>U.S. Department of Education</b>														
Passed-through State Department of Education														
Special Revenue Fund:														
Every Student Succeeds Act Cluster														
84.010	S010A190030		ESSA - 7503 - 20	968,323	7/1/19	6/30/20		767,118	(966,453)				(199,335)	
84.010	S010A180030		ESSA - 7503 - 19	1,047,997	7/1/18	6/30/19	(334,949)	346,567	(11,718)					
84.010	S010A180030		ESSA - 7503 - 20	26,904	7/1/19	6/30/20		15,404	(15,404)					
84.395	S365A180030		ESSA - 7503 - 19	43,640	7/1/18	6/30/19	(21,348)	43,986	(21,692)				(1,070)	
84.395	S365A180030		ESSA - 7503 - 20	22,239	7/1/19	6/30/20		1,358	(13,036)					
84.367A	S367A190029		ESSA - 7503 - 19	22,239	9/1/18	8/31/19	(1,358)	1,358						
84.367A	S367A180029		ESSA - 7503 - 20	72,431	7/1/19	6/30/20		40,768	(72,431)				(31,663)	
84.424	S424A180031		ESSA - 7503 - 19	36,775	7/1/18	6/30/19	(2,312)	2,312	(82,910)				(46,245)	
84.424	S424A180031		ESSA - 7503 - 20	82,910	7/1/19	6/30/20	(39,393)	39,393						
			ESSA - 7503 - 19	91,000	9/1/18	8/31/19	(399,260)	1,304,591	(1,193,644)				(278,313)	
Total Every Student Succeeds Act Cluster														
Special Education Cluster (IDEA):														
84.027	H027A180100		IDEA - 7503 - 20	291,439	7/1/19	6/30/20		231,295	(291,439)				(60,154)	
84.027	H027A180100		IDEA - 7503 - 19	251,982	7/1/18	6/30/19	(60,626)	60,626						
84.173	H173A180114		IDEA - 7503 - 20	4,484	7/1/19	6/30/20		4,484	(4,484)					
84.173	H173A180114		IDEA - 7503 - 19	3,935	7/1/18	6/30/19	(2,250)	2,250					(60,154)	
			IDEA - 7503 - 19				(63,079)	298,645	(295,929)					
							(452,336)	1,603,436	(1,479,567)				(338,467)	
Total Special Revenue Fund														
<b>U.S. Department of Agriculture</b>														
Passed-through State Department of Agriculture														
Enterprise Fund:														
National School Lunch Program Cluster:														
10.553	201NJ304N1099		N/A	208,692	7/1/19	6/30/20		202,030	(208,692)				(6,662)	
10.553	191N1304N1099		N/A	260,716	7/1/18	6/30/19	(46,073)	46,073						
10.555	201N1304N1099		N/A	505,087	7/1/19	6/30/20		494,489	(505,087)				(10,598)	
10.555	191N1304N1099		N/A	650,147	7/1/18	6/30/19	(113,034)	113,034						
10.555	201N1304N1099		N/A	74,413	7/1/19	6/30/20	(199,107)	74,413	(74,413)				(172,60)	
								890,039	(798,192)					
Total Child Nutrition Program Cluster														
Other Enterprise Funds:														
10.552	201N1304L1603		N/A	16,372	7/1/19	6/30/20		14,725	(16,372)				(1,647)	
10.552	191N1304L1603		N/A		7/1/18	6/30/19		14,725	(16,372)					
							(159,107)	944,764	(804,564)				(18,907)	
							(621,443)	2,587,959	(2,323,890)				(357,374)	
Total Enterprise Fund														
Sub-Total Federal Financial Awards														

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



**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
Schedule of Expenditures of State Financial Assistance  
For the Fiscal Year Ended June 30, 2020

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2019		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Reversal of Prior Year's Balance	Balance at June 30, 2020		MEMO
			From	To	Unpaid (Accounts Receivable)	Returned Interfund Payable					Due to Grantor	Budgetary Receivable	
<b>State Department of Education</b>													
<b>General Fund:</b>													
State Aid-Public Cluster:													
Equalization Aid - State Share - Charter School Aid	20-485-034-5120-078	\$ 17,517,276	7/1/19	6/30/20	\$ -	\$ -	\$ -	\$ 17,517,276	\$ (17,517,276)	\$ -	\$ -	\$ -	\$ 17,517,276
Special Education Categorical Aid	20-485-034-5120-089	876,868	7/1/19	6/30/20	-	-	876,868	(876,868)	-	-	-	-	876,868
Security Aid	20-485-034-5120-084	749,742	7/1/19	6/30/20	-	-	749,742	(749,742)	-	-	-	-	749,742
Nonpublic Aid	20-485-034-5120-068	25,411	7/1/19	6/30/20	-	-	19,169,297	(25,411)	(19,169,297)	-	-	-	25,411
Total State Aid-Public Cluster													19,169,297
<b>Other General Funds:</b>													
On-Behalf TPAF Post-Retirement Medical Contributions	20-485-034-5094-001	571,161	7/1/19	6/30/20	-	-	571,161	(571,161)	-	-	-	-	571,161
On-Behalf TPAF Pension Contributions	20-485-034-5094-002	1,539,594	7/1/19	6/30/20	-	-	1,539,594	(1,539,594)	-	-	-	-	1,539,594
Reimbursed TPAF - Social Security	20-485-034-5094-003	544,953	7/1/18	6/30/19	(25,376)	-	538,074	(538,074)	(27,441)	-	-	27,441	553,512
On-Behalf TPAF Non-Contributory Insurance	20-485-034-5094-004	4,269	7/1/19	6/30/20	(25,376)	-	4,269	(4,269)	(27,441)	-	-	27,441	4,269
Total Other General Funds							2,666,471	(2,666,471)					2,666,471
Total General Fund							21,835,768	(21,837,833)					21,837,833
Special Revenue Fund:													
Advanced Computer Services	20-XXX-XXX-XXX-XXX	74,487	7/1/19	6/30/20	-	-	66,470	(68,497)	(2,027)	-	-	2,027	68,497
Total Special Revenue Fund							66,470	(68,497)	(2,027)	-	-	2,027	68,497
<b>State Department of Agriculture</b>													
Enterprise Fund:													
National School Lunch Program (State Share)	20-100-010-3350-023	10,886	7/1/19	6/30/20	(1,913)	-	8,062	(10,896)	(2,814)	-	-	2,814	10,886
National School Lunch Program (State Share)	19-100-010-3350-023	10,988	7/1/16	6/30/19	(1,913)	-	1,913	-	-	-	-	-	-
Total Enterprise Fund							9,995	(10,896)	(2,814)	-	-	2,814	10,886
Total State Financial Assistance							21,912,233	(21,917,226)	(32,282)	-	-	32,282	21,917,226
<b>Major Program Determination:</b>													
State Financial Assistance Not Subject to Major Program Determination:													
On-Behalf TPAF Post-Retirement Medical Contributions	20-485-034-5094-001	571,161	7/1/19	6/30/20	-	-	(571,161)	571,161	-	-	-	-	(571,161)
On-Behalf TPAF Pension Contributions	20-485-034-5094-002	1,539,594	7/1/19	6/30/20	-	-	(1,539,594)	1,539,594	-	-	-	-	(1,539,594)
On-Behalf TPAF Non-Contributory Insurance	20-485-034-5094-004	4,269	7/1/19	6/30/20	-	-	(4,269)	4,269	-	-	-	-	(4,269)
Total On-Behalf TPAF Pension System Contributions							(2,115,024)	2,115,024	-	-	-	-	(2,115,024)
Total State Financial Assistance Subject to Major Program Determination							19,797,209	(19,802,202)	(32,282)	-	-	32,282	19,802,202

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

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance  
June 30, 2020

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**NOTE 1. GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Trustees, Paterson Charter School for Science and Technology. The Board of Trustees is defined in Note 1 to the board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule 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 New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements. This does not apply to charter schools as districts are not permitted to defer the June payments to charter schools.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. 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 special revenue fund also recognizes the one or more June state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance  
June 30, 2020

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is none for the general fund and none for the special revenue fund. See Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the board's basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ 39,759	\$ 21,837,833	\$ 21,877,592
Special Revenue Fund	1,479,567	68,497	1,548,064
Food Service Fund	804,564	10,896	815,460
Total Awards & Financial Assistance	<u>\$ 2,323,890</u>	<u>\$ 21,917,226</u>	<u>\$ 24,241,116</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING**

Paterson Charter School for Science and Technology has no loan balances outstanding at June 30, 2020.

**NOTE 6. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amounts reported as TPAF Pension Contributions, TPAF Post-Retirement Medical Contributions, and TPAF Long-Term Disability Insurance Contributions represent the amount paid by the State on behalf of the Charter School for the year ended June 30, 2020. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2020.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
Notes to Schedules of Expenditures of Awards and Financial Assistance  
June 30, 2020

**NOTE 7. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

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

**NOTE 8. SCHOOLWIDE PROGRAM FUNDS**

Schoolwide programs are not separate federal programs as defined in the Uniform Guidance; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the Charter School.

Program	Total
Title I, Part A: <i>Grants to Local Education Agencies</i>	\$ 966,453
Title II, Part A: <i>Improving Teacher Quality State Grants</i>	72,431
Title III: <i>English Language Acquisition State Grants</i>	13,036
Total	\$ 1,051,920

**NOTE 9. DE MINIMIS INDIRECT COSTS RATE**

The Charter School did not elect to use the 10% de minimis indirect cost rate as allowed by the Uniform Guidance.

**NOTE 10. MAJOR PROGRAMS**

Major programs are identified in the Summary of Auditors Results section of the Schedule of Findings and Questioned Costs.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2020

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditors’ report issued on financial statements Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

2) Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   None Reported

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

**Federal Awards**

Internal control over major programs:

1) Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

2) Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   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 Uniform Guidance? \_\_\_\_\_ Yes   X   No

Identification of major federal programs:

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
<u>84.010</u>	<u>Title I Part A</u>
<u>84.010</u>	<u>Title I Part A Carryover</u>
<u>84.010</u>	<u>Title I Reallocated</u>
<u>84.027</u>	<u>SPECIAL EDUCATION CLUSTER (IDEA): IDEA Part B Basic</u>
<u>84.173</u>	<u>IDEA Preschool</u>
<u>10.553</u>	<u>CHILD NUTRITION PROGRAM CLUSTER: School Breakfast Program</u>
<u>10.555</u>	<u>National School Lunch Program – Cash Assistance</u>
<u>10.555</u>	<u>National School Lunch Program – Commodities</u>

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

Auditee qualified as low-risk auditee?   X   Yes \_\_\_\_\_ No

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2020

**Section I – Summary of Auditor’s Results (Continued)**

**State Awards**

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

Auditee qualified as low-risk auditee?  X  Yes \_\_\_\_\_ No

Internal control over major programs:

1) Material weakness(es) identified? \_\_\_\_\_ Yes  X  No

2) Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  X  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 NJ Circular Letter 15-08-OMB, as applicable? \_\_\_\_\_ Yes  X  No

Identification of major state programs:

<b>GMIS Number(s)</b>	<b>Name of State Program</b>
	STATE AID – PUBLIC CLUSTER
<u>20-495-034-5120-078</u>	<u>Equalization Aid-State Share-Charter School Aid</u>
<u>20-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>20-495-034-5120-084</u>	<u>Security Aid</u>
_____	_____
_____	_____
_____	_____

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2020

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***Section II –Financial Statement Findings – N/A***

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting..

**Finding**

There were no matters reported.

***Section III –Schedule of Federal and State Award  
Findings and Questioned Costs As Prepared By Management***

This section identifies audit findings required to be reported by Title 2 CFR 200 Section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and NJ OMB Circular Letter 15-08, as applicable.

**FEDERAL AWARDS**

**Findings**

There were no matters reported.

**STATE AWARDS**

**Findings**

There were no matters reported.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY**  
Summary Schedule of Prior Year Audit Findings  
And Questioned Costs As Prepared by Management  
For the Fiscal Year Ended June 30, 2020

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**STATUS OF PRIOR-YEAR FINDINGS – N/A**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, *USOMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (511 (a)(b)) and NJ Circular 04-04-OMB and/or 15-08-OMB, as applicable.

**Findings**

There were no matters reported.