

**ACHIEVE COMMUNITY CHARTER SCHOOL**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**JUNE 30, 2021**

**PREPARED BY  
Achieve Community Charter School**

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

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(COUNTY OF ESSEX, NEW JERSEY)**

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achieveccs.org  
Christopher Perpich, *Principal*



January 26, 2022

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

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Achieve Community Charter School (Charter School) for the fiscal year ended June 30, 2021. This CAFR includes the Charter School's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34.

The Charter School has elected to adopt this new financial reporting model which we believe will provide all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (Board).

To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Charter School. This report will provide the taxpayers of the Charter School with comprehensive financial data in a format enabling them to gain an understanding of the Charter School's financial affairs.

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

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

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

## **Charter School Organization**

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

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

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

The Charter School provides a full range of educational services appropriate to grade levels K through 4. These include both regular and special education programs. As of June 30, 2021, the Charter School's final head count was 447 students.

2. **MAJOR INITIATIVES:** The following are the major initiatives successfully implemented at the Charter School for 2020-2021 school year:

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

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

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

3. **INTERNAL ACCOUNTING CONTROLS:** Management of the Charter School is responsible for establishing and maintaining an internal control designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met.

## **INTERNAL ACCOUNTING CONTROLS – CONTINUED**

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

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

5. **ACCOUNTING SYSTEM AND REPORTS:** The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by Governmental Accounting Standards Board (GASB). The accounting system of the Charter School is organized on the basis of funds each of which maintains a self-balancing set of accounts. These funds are explained in the "Notes to the Basic Financial Statements."
6. **DEBT ADMINISTRATION:** At June 30, 2021, the Charter School has no outstanding debt.
7. **CASH MANAGEMENT:** The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Basic Financial Statement" Notes 1 and 3. The Charter School had adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
8. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance and fidelity bonds.



9. **OTHER INFORMATION:**

**Independent Audit**

State statute requires an annual audit by independent certified public accountants or registered municipal accountants. The Charter School appointed the accounting firm of Galleros Robinson CPAs, LLP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the related New Jersey OMB Circular Letter 15-08.

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

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

Respectfully submitted,

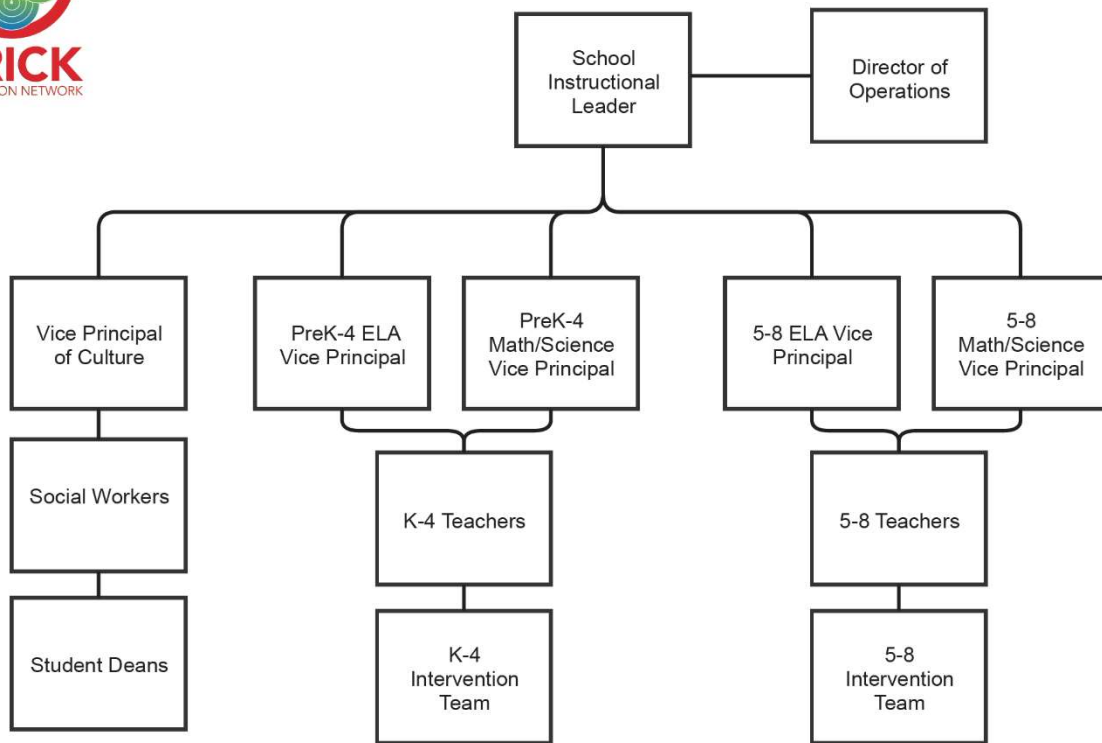
  
**Christopher Lessard, SBA School Business Administrator**  
**Achieve Community Charter School**

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

**ORGANIZATIONAL CHART**



**BRICK Education Network PreK-8 School Leadership Structure**



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

**ROSTER OF OFFICIALS**

**JUNE 30, 2021**

**Board of Trustees**

<b>MEMBERS OF THE BOARD OF TRUSTEES</b>	<b>TERM</b>
Sally Booth, Board Chair	June 30, 2022
Ronald Augustin, Vice Chair	June 30, 2023
Sonia Rodrigues-Martó, Trustee	June 30, 2023
Charisse Carrion, Trustee	June 30, 2022
Claudia Vazquez, Trustee	August 25, 2021

**OTHER OFFICIALS**

Dominique Lee, Founder and Chief Executive Officer

Christopher Perpich, Chief School Administrator

Carriean Zielinski, Board Secretary/Business Administrator until June 30, 2021

Christopher Lessard, Board Secretary/Business Administrator beginning July 1, 2021

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

**CONSULTANTS AND ADVISORS**

**Independent Auditors**

Galleros Robinson CPAs, LLP  
115 Davis Station Road  
Cream Ridge, NJ 08514

**Attorneys**

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

**Official Depositories**

Provident Bank  
1220 Green St  
Iselin, NJ 08830

M&T Bank  
45 Eisenhower Dr  
Paramus, NJ 07012

Industrial Bank  
12 Lombardy St., Suite 201  
Newark, New Jersey 07102

# **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Achieve Community Charter School (the Charter School), in the County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

## **INDEPENDENT AUDITOR'S REPORT - CONTINUED**

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Achieve Community Charter School, in the County of Essex, State of New Jersey as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

We draw attention to Note 2 in the notes to the financial statements which disclose the effects of the Charter School's adoption of the provisions of Government Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 11 through 17, Budgetary Comparison Information on pages 52 through 54, and information related to Accounting and Reporting for Pensions (GASB 68) and OPEB (GASB 75) on pages 56 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

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

## INDEPENDENT AUDITOR'S REPORT - CONTINUED

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

The introductory and statistical sections 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 them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2022 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Charter School's internal control over financial reporting and compliance.



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



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Galleros Robinson CPAs, LLP  
Certified Public Accountants

January 26, 2022  
Cream Ridge, New Jersey



**REQUIRED SUPPLEMENTARY INFORMATION**

**PART I**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The discussion and analysis of Achieve Community Charter School's (the Charter School) financial performance provides an overall review of the Charter School's financial activities for the fiscal period ended June 30, 2021. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance.

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

**Introduction**

This section of the Charter School's annual financial report presents our discussion and analysis of the Charter School's financial performance and provides an overview of the Charter School's financial activities for the fiscal year ended June 30, 2021. It should be read in conjunction with the transmittal letter at the front of this report and the Charter School's financial statements, which follow this section.

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

**Financial Highlights**

Key Financial highlights for the fiscal year 2021 are as follows:

- In total, net position increased to \$0.7 million 2021. The increase was mainly due to the recognition of the forgiven principal and accrued interest of the Payroll Protection Program loan amounting to \$0.3 million and increase in enrollment.
- General revenues accounted for \$4.79 million or 82% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$1.07 million or 18% of total revenues of \$5.85 million.
- The Charter School had \$5.08 million in expenses; only \$1.07 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$4.72 million was adequate to provide for these programs.
- Among governmental funds, the General Fund had \$4.82 million in revenues and other financing sources and \$4.08 million in expenditures. The General Fund's fund balance increased by \$0.74 million in 2021.

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

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

**Basic Financial Statements**

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

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

**Fund Financial Statements**

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

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

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

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

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

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

While this report contains the funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and asks the question, "how did we do financially during fiscal year 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all the Charter School's assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. These bases of accounting take into account all of the current year's revenues and expenses regardless of when cash was received or paid.

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED**

These two statements report the Charter School’s net position and changes in the net position. This change in net position is important because it identifies whether the financial position of the Charter School has improved or diminished for the Charter School as a whole. This change is the result of many factors some financial, some not. Financial factors represent increases in federal and state funding that resulted from the increase in enrollment noted for the fiscal year ended June 30, 2021. These factors are presented in our discussions on the Charter School as a whole. Non-financial factors include the property tax base of the School District where the Charter School is located, current educational funding laws in New Jersey, facilities conditions, required educational programs, and other factors. In the Statements of Net Position and the Statements of Activities, the Charter School is divided into two distinct kinds of activities:

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

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

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

**Fund Financial Statements**

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

**Governmental Funds**

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

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

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

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED**

**Enterprise Fund**

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

**The Charter School as a Whole**

The perspective of the Statement of Net Position is of the Charter School as a whole. The table below provides a summary of the Charter School’s net position at June 30, 2021.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Current Assets	\$ 1,391,958	\$ -	\$ 1,391,958
<b>Liabilities</b>			
Current Liabilities	573,576	-	573,576
<b>Net Position</b>			
Restricted for:			
Student activities	2,643	-	2,643
Unrestricted	815,739	-	815,739
Total Net Position	\$ 818,382	\$ -	\$ 818,382

The total net position of the Charter School has increased by \$0.77 million during the current fiscal year. The table that follows reflects the change in net position for fiscal year 2021.

In 2021, total revenues amounted to \$5.85 million and total expenses amounted to \$5.08 million.

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

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Charge for Services	\$ -	\$ -	\$ -	\$ 45	\$ -	\$ 45
Grants and Contributions	<u>1,067,413</u>	<u>962,610</u>	<u>-</u>	<u>125,147</u>	<u>1,067,413</u>	<u>1,087,757</u>
Total Program Revenues	<u>1,067,413</u>	<u>962,610</u>	<u>-</u>	<u>125,192</u>	<u>1,067,413</u>	<u>1,087,802</u>
General Revenues:						
Local sources	566,328	925,620	-	-	566,328	925,620
Federal and State Aid	3,762,984	3,081,793	-	-	3,762,984	3,081,793
Contributions	70,675	335,996	-	-	70,675	335,996
Other financing sources	340,090	-	-	-	340,090	-
Transfer	(62,086)	-	62,086	-	-	-
Other	<u>39,368</u>	<u>83,744</u>	<u>-</u>	<u>-</u>	<u>39,368</u>	<u>83,744</u>
Total General Revenues	<u>4,717,359</u>	<u>4,427,153</u>	<u>62,086</u>	<u>-</u>	<u>4,779,445</u>	<u>4,427,153</u>
Total Revenues	<u>5,784,772</u>	<u>5,389,763</u>	<u>62,086</u>	<u>125,192</u>	<u>5,846,858</u>	<u>5,514,955</u>
Expenses:						
Instruction	2,877,453	3,333,485	-	-	2,877,453	3,333,485
Support Services:						
Administrative expenses	1,127,612	906,773	-	-	1,127,612	906,773
Other support expenses	1,036,908	1,114,357	-	-	1,036,908	1,114,357
Capital Outlay	-	-	-	-	-	-
Food service	-	-	<u>36,115</u>	<u>116,770</u>	<u>36,115</u>	<u>116,770</u>
Total Expenses	<u>5,041,973</u>	<u>5,354,615</u>	<u>36,115</u>	<u>116,770</u>	<u>5,078,088</u>	<u>5,471,385</u>
Changes in Net Position	<u>\$ 742,799</u>	<u>\$ 35,148</u>	<u>\$ 25,971</u>	<u>\$ 8,422</u>	<u>\$ 768,770</u>	<u>\$ 43,570</u>

**Governmental Activities**

The Statement of Activities reflects the cost of program services and the charges for services and operating grants and contributions offsetting those services. The table below, for government activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by unrestricted state entitlements for the fiscal year ended June 30, 2021.

	Total Cost of Services	Grants/ Contributions	Net Cost of Services
Instruction	\$ 2,877,453	\$ 818,135	\$ (2,059,318)
Administrative	1,127,612	24,303	(1,103,309)
Support services	1,036,908	224,975	(811,933)
Unallocated:			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>\$ 5,041,973</u>	<u>\$ 1,067,413</u>	<u>\$ (3,974,560)</u>

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

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

**Business-Type Activity**

Beginning July 1, 2020, the Charter School's food service is administered by the Marion P. Thomas Charter School (Sponsoring SFA). The financial transactions, and statistical records related to the school food service are maintained by the Sponsoring SFA. The business-type activities of the Charter School are related to the food service operation that has zero revenue and operating expenses of \$0.03 million for fiscal year 2021.

**The Charter School's Funds**

The Charter School's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues and other financing sources of \$5.78 million and expenditures of \$5.04 million.

**General Fund Budgeting Highlights**

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

During the course of fiscal year 2021, the Charter School amended its General Fund budget as needed. The Charter School uses state-aid and other revenue-based budget. The budgeting systems are designed to tightly control total budget, but provide flexibility for Charter School management teams.

For the General Fund, final budgeted revenues and other financial sources were \$4.66 million. Expenditures were budgeted at \$3.97 million. The Charter School anticipated an excess of revenues over expenditures of \$0.69 million in fiscal year 2021. During the fiscal year ended June 30, 2021, actual revenues and other financing sources were \$4.83 million and expenditures were \$4.09 million.

Reimbursement from the State of New Jersey during the year ended June 30, 2021 for the employer's share of social security contributions amounted to \$0.11 million and there was no TPAF on-behalf TPAF payments for post-retirement medical benefits from the State.

**Capital Assets**

At the end of fiscal year 2021, the Charter School had no investment in capital assets.

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

The State of New Jersey continues to face serious budgetary constraints. These impacts the amount of state aid allocated to charter schools. This reality was taken into account when adopting the general fund budget for 2020-2021. Nothing was done to compromise the quality of the programs in place in our Charter School during the regular instructional day. The budget was prepared to ensure that all students have the textbooks, materials supplies, equipment and programs they need to meet New Jersey's Core Curriculum Content Standards.

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

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

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

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



# **BASIC FINANCIAL STATEMENTS**

## **CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS**

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

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

## STATEMENT OF NET POSITION

JUNE 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 470,300	\$ -	\$ 470,300
Interfund receivables (internal)	11,260	(11,260)	-
Accounts receivable	847,898	11,260	859,158
Other receivables	<u>62,500</u>	<u>-</u>	<u>62,500</u>
Total current assets	<u>1,391,958</u>	<u>-</u>	<u>1,391,958</u>
Total assets	<u>1,391,958</u>	<u>-</u>	<u>1,391,958</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts payable	536,903	-	536,903
Payroll deductions and withholdings	<u>36,673</u>	<u>-</u>	<u>36,673</u>
Total current liabilities	<u>573,576</u>	<u>-</u>	<u>573,576</u>
Total liabilities	<u>573,576</u>	<u>-</u>	<u>573,576</u>
Net position			
Restricted for:			
Student activities	2,643	-	2,643
Unrestricted	<u>815,739</u>	<u>-</u>	<u>815,739</u>
Total net position	<u>\$ 818,382</u>	<u>\$ -</u>	<u>\$ 818,382</u>

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

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Totals
<b>Governmental activities:</b>						
Instruction	\$ 2,877,453	\$ -	\$ 818,135	\$ (2,059,318)	\$ -	\$ (2,059,318)
Administrative cost	1,127,612	-	24,303	(1,103,309)	-	(1,103,309)
Support services	1,036,908	-	224,975	(811,933)	-	(811,933)
Total governmental activities	5,041,973	-	1,067,413	(3,974,560)	-	(3,974,560)
<b>Business-type activities:</b>						
Food Service	36,115	-	-	-	(36,115)	(36,115)
Total primary government	\$ 5,078,088	\$ -	\$ 1,067,413	\$ (3,974,560)	\$ (36,115)	\$ (4,010,675)
<b>General revenues, transfers and special items:</b>						
Local sources				\$ 566,328	\$ -	\$ 566,328
State sources				3,762,984	-	3,762,984
Contributions				70,675	-	70,675
Other financing sources				340,090	-	340,090
Transfer				(62,086)	62,086	-
Miscellaneous				39,368	-	39,368
Total general revenues, transfers and special items				4,717,359	62,086	4,779,445
Changes in net position				742,799	25,971	768,770
Net position at beginning of year, as reported				72,940	(25,971)	46,969
Prior period adjustment				2,643	-	2,643
Net position at beginning of year, as restated				75,583	(25,971)	49,612
Net position at end of year (A-1)				\$ 818,382	\$ -	\$ 818,382

**FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

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

GOVERNMENTAL FUNDS  
BALANCE SHEET

JUNE 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 467,657	\$ 2,643	\$ 470,300
Interfund accounts receivable	409,712	-	409,712
Accounts receivables:			
Federal	-	456,391	456,391
State	391,507	-	391,507
Other receivables	<u>62,500</u>	<u>-</u>	<u>62,500</u>
Total assets	<u>\$ 1,331,376</u>	<u>\$ 459,034</u>	<u>\$ 1,790,410</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 371,850	\$ 165,053	\$ 536,903
Payroll deductions and withholdings payable	36,673	-	36,673
Interfund accounts payable	107,114	291,338	398,452
Intergovernmental payables:			
State	-	-	-
Loans payable	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>515,637</u>	<u>456,391</u>	<u>972,028</u>
Fund balances:			
Restricted:			
Student activities	-	2,643	2,643
Assigned	-	-	-
Unassigned	<u>815,739</u>	<u>-</u>	<u>815,739</u>
Total fund balances	<u>815,739</u>	<u>2,643</u>	<u>818,382</u>
Total liabilities and fund balances	<u>\$ 1,331,376</u>	<u>\$ 459,034</u>	<u>-</u>
Amounts reported for governmental activities in the statement of net position (A-1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
			\$ -
	Cost of capital assets		-
	Accumulated depreciation		<u>-</u>
Governmental funds do not report the effect of assets or liabilities related to net pension assets (liabilities) whereas these amounts are deferred and amortized in the statement of activities.			
	Deferred amounts on net pension liability		<u>-</u>
Long-term liabilities, including capital leases and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.			
	Net pension liability		<u>-</u>
Net position of governmental activities - A-1			<u>\$ 818,382</u>

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

**GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**YEAR ENDED JUNE 30, 2021**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total</b>
<b>Revenues</b>			
Local sources:			
Local tax levy	\$ 566,328	\$ -	\$ 566,328
Grant and contributions	70,675	-	70,675
Miscellaneous	39,368	-	39,368
Total revenues - local sources	676,371	-	676,371
Federal sources	-	955,218	955,218
State sources	3,762,984	-	3,762,984
Reimbursed TPAF - Social Security (non-budgeted)	112,195	-	112,195
On-Behalf Teachers' Pension and Annuity Fund	-	-	-
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	-	-	-
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance	-	-	-
Total revenues	4,551,550	955,218	5,506,768
<b>Expenditures</b>			
Current expense:			
Regular instruction	1,717,528	742,323	2,459,851
Support services and undistributed costs:			
Student and instruction-related services	228,123	212,895	441,018
Other administrative services	116,517	-	116,517
School administrative services	877,223	-	877,223
Plant operations and maintenance	690,760	-	690,760
Pupil transportation	5,100	-	5,100
Personal services - employee benefits	451,504	-	451,504
Total expenditures	4,086,755	955,218	5,041,973
Excess of revenues over expenditures	464,795	-	464,795
Other financing sources/(uses):			
Paycheck Protection Program loan forgiven	343,878	-	343,878
Operating transfers out - Food Program	(62,086)	-	(62,086)
Interest expense forgiven (non-budgeted)	(3,788)	-	(3,788)
Total other financing sources/(uses)	278,004	-	278,004
Excess revenues over expenditures and other financing uses	742,799	-	742,799
Fund balances at beginning of the year	72,940		72,940
Prior period adjustment	-	2,643	-
Fund balances at beginning of the year, as restated	72,940	2,643	72,940
Fund balance at end of year	\$ 815,739	\$ 2,643	\$ 815,739



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

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

**YEAR ENDED JUNE 30, 2021**

**Total net change in fund balances - governmental funds (B-2)** \$ 742,799

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

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

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

Pension costs -

**Change in net position of governmental activities (A-2)** \$ 742,799

**PROPRIETARY FUNDS**

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

**PROPRIETARY FUND**

**STATEMENT OF NET POSITION**

**JUNE 30, 2021**

**Assets**

Current assets:

    Accounts receivable:

        Federal

\$ 11,047

        State

213

11,260

Total Assets

\$ 11,260

**Liabilities**

Current liabilities

    Interfund payable

\$ 11,260

Total current liabilities

11,260

**Net position**

    Unrestricted

-

Total Liabilities and Net Position

\$ 11,260

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

**PROPRIETARY FUND**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**

**YEAR ENDED JUNE 30, 2021**

Operating revenues:		
Charges for services:		
Daily sales - reimbursable programs	\$	-
Miscellaneous revenue		-
Total operating revenues		<u>-</u>
Operating expenses:		
Employee benefits		1,200
Supplies and materials - reimbursable programs		<u>34,915</u>
Total operating expenses		<u>36,115</u>
Operating loss		<u>(36,115)</u>
Nonoperating revenues:		
State sources:		
State School Lunch Program		-
Federal sources:		
National School Lunch		-
National School Breakfast		-
Total nonoperating revenues		<u>-</u>
Other financing sources:		
Transfers in - General Fund		<u>62,086</u>
Total other financing sources:		<u>62,086</u>
Change in net position		25,971
Total net position at beginning of year		<u>(25,971)</u>
Total net position at end of year	\$	<u><u>-</u></u>

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

**PROPRIETARY FUND**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED JUNE 30, 2021**

**Cash flows from operating activities**

Operating income	\$ (36,115)
Adjustment to reconcile operating loss to net cash from operating activities:	
Depreciation	-
Changes in assets and liabilities:	
Accounts receivable	12,576
Interfund receivable	5,215
Accounts payable	<u>(55,042)</u>
Interfund payable	<u>11,260</u>
Net cash from operating activities	(62,106)

**Cash flows from noncapital financing activities**

Transfer-in from General Fund	62,086
Cash received from state and federal reimbursements	<u>-</u>
Net cash from noncapital financing activities	<u>62,086</u>
Net increase in cash and cash equivalents	(20)
Cash and cash equivalents at beginning of the year	<u>20</u>
Cash and cash equivalents at end of year	<u><u>\$ -</u></u>

**NOTES TO THE BASIC  
FINANCIAL STATEMENTS**

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

**B. Component Units**

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

**C. Basis of Presentation**

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

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

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**C. Basis of Presentation - Continued**

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

The financial statements include:

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

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

**D. Basic Financial Statements**

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

**Government-wide Financial Statements**

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

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



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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**D. Basic Financial Statements - Continued**

**Fund Financial Statements**

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

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

**E. Governmental Funds**

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**E. Governmental Funds - Continued**

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2021, there was no Capital Projects Fund.

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on, bonds issued to finance major property acquisitions, construction, and improvement programs. As of June 30, 2021, there was no debt service fund.

**F. Proprietary Funds**

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

**Enterprise Funds:**

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

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

**Internal Service (Self-Insurance) Fund:**

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

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**F. Fiduciary Funds**

Fiduciary funds are classified as follows:

Trust Fund. Accounts for assets held in a trustee capacity for others and therefore cannot be used to support the Charter School's own programs. Three trust fund types discussed below are used to account for resources held and administered by the Charter School when it is acting in a fiduciary capacity for individuals, private organizations or other governmental units. These funds are distinguished from custodial funds generally by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

- a. Pension and Other Employee Benefit Trust. Accounts for resources held in trust for the members and beneficiaries of various employee benefit plans.
- b. Investment Trust Fund. Accounts for the portion of investment pools reported by the sponsoring district.
- c. Private Purpose Trust Fund. Accounts for all other trust arrangements, such as a scholarship fund to benefit individual students.

Custodial Fund. Accounts for resources held by the Charter School in a purely custodial capacity that involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Charter School must maintain the financial integrity of the individual agencies through a separate accounting of each activity for which the Charter School is acting as an agent. Custodial funds would include parent-teacher organizations.

As of June 30, 2021, the Charter School do not have any fund that is classified as fiduciary fund.

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

**Measurement Focus** - Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. On the government-wide statements of net position and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance

**ACHIEVE COMMUNITY CHARTER SCHOOL  
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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**G. Measurement Focus and Basis of Accounting - Continued**

sheet. Operating statement of these funds present increases (i.e., revenues and other financing sources), and decreases (i.e. Expenditures and other finances uses) during a given period. These funds use fund balance as their measure of available spend able financial resources at the end of the period.

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

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

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

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

**H. Budgets/Budgetary Control**

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

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**H. Budgets/Budgetary Control - Continued**

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

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

**I. Deposits, Investments and Risk Disclosure**

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

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

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

**ACHIEVE COMMUNITY CHARTER SCHOOL  
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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**I. Deposits, Investments and Risk Disclosure - Continued**

**Deposits**

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

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

**Investments**

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

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

As of June 30, 2021, the Charter School did not hold any investments.

**ACHIEVE COMMUNITY CHARTER SCHOOL  
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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**I. Deposits, Investments and Risk Disclosure - Continued**

**Risk Category**

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

As of June 30, 2021, the Board had funds invested and on deposit in checking accounts. These funds constitute “deposits with financial institutions” as defined by GASB Statement No. 3 and modified by GASB Statement No. 40, and as such, are deposits that are insured or collateralized with securities held by the Board or by its agent in the Board’s name, both at year-end and throughout the year.

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

**J. Prepaid Expenses**

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

The Charter School does not have prepaid expenses as of June 30, 2021.

**K. Interfund Assets/Liabilities**

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

**L. Fixed Assets**

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

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

**ACHIEVE COMMUNITY CHARTER SCHOOL  
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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**L. Fixed Assets - Continued**

Donated capital assets are capitalized at estimated fair market value on the date donated. Depreciation of capital assets is computed and recorded by the straight-line method. The Charter School does not have capital assets as of June 30, 2021.

**M. Deferred Outflows/Inflows of Resources**

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

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

**N. Compensated Absences**

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2021, the Charter School has no liabilities for compensated absences.



**ACHIEVE COMMUNITY CHARTER SCHOOL  
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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**O. Net Pension Liability (Asset)**

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

**P. Deferred Revenue**

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

**Q. Accrued Liabilities and Long-Term Obligations**

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

**R. Fund Balance and Equity**

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

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

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**R. Fund Balance and Equity - Continued**

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

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

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

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

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

ACHIEVE COMMUNITY CHARTER SCHOOL  
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – CONTINUED

S. **Net Position**

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

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

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

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

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

T. **Contributed Capital**

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

U. **Interfund Transactions**

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

V. **Use of Estimates**

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

**ACHIEVE COMMUNITY CHARTER SCHOOL  
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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**W. Accounting for Uncertainty in Income Taxes**

The Charter School recognizes the effect of income tax positions only of those positions are more likely than not of being sustained. Management has determined that the Charter School had no uncertain tax positions that would require financial statement recognition. Fiscal year ended June 30, 2021 is only the Charter School's fourth year of operations.

**X. On-Behalf Payments**

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

**Y. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is January 26, 2022.

**NOTE 2 ACCOUNTING PRONOUNCEMENTS**

**A. *Accounting Pronouncement Adopted During the year***

On July 1, 2020, the Charter School adopted Statement No. 84, *Fiduciary Activities*, and Implementation Guide No. 2019-2. GASB Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.

Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Determining whether an activity is fiduciary can be a challenge. GASB recently issued Implementation Guide No. 2019-2, *Fiduciary Activities*. The Implementation Guide, which is an authoritative document, includes questions and answers on topics such as identifying fiduciary activities and reporting fiduciary activities: Implementation Guide No. 2019-2, *Fiduciary Activities*.

**ACHIEVE COMMUNITY CHARTER SCHOOL  
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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 2 ACCOUNTING PRONOUNCEMENTS - CONTINUED**

*A. Accounting Pronouncement Adopted During the year - continued*

The adoption of the GASB No. 84, resulted to the following:

*Student Activity Funds are Reported in the Special Revenue Fund effective July 1, 2020*

The revenue sources for the Student Activity Fund are solely for the fees and dues collected and they are restricted for the specifically identified student activity. N.J.A.C. 6A:23A-16.12 governs the establishment and operation of the Student Activity Fund restricting expenditures within the fund and prohibiting the transfer of any unspent balances to any other fund.

This adoption resulted to a restatement of July 1, 2020 net position of governmental funds to increase total assets and restricted net position of \$2,643 in the governmental activities' Statement of Net Position.

*Payroll Funds are Reported in the General Fund effective July 1, 2020*

Payroll Clearing Funds do not meet the definition of fiduciary activities prescribed in GASB No. 84 paragraph 11, they are accounted for and reported in the General Fund. Any unremitted balance at year-end is reported as a liability on Schedule B-1. Assets and liabilities for the Payroll Clearing Funds were reported as assets and liabilities in the Governmental Funds Balance Sheet under General Fund. This adoption did not result to a restatement of the July 1, 2020 net position. However, the adoption resulted to an increase in total assets and liabilities of \$191,229 in the governmental activities' Statement of Net Position at July 1, 2020.

GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61, (GASBS 90)*. GASBS 90 defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The Charter School do not hold an equity interest in an investment, therefore the adoption did not have an effect on the Charter School's financial statements.

**ACHIEVE COMMUNITY CHARTER SCHOOL  
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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 2 ACCOUNTING PRONOUNCEMENTS - CONTINUED**

*B. Accounting Pronouncements Issued but not Yet Adopted*

Statement No. 87 and Implementation Guide No. 2019-3, *Leases*, effective for reporting periods beginning after June 15, 2021, and all reporting periods thereafter. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Charter School is currently evaluating the impact of this Statement.

Statement No. 91, *Conduit Debt Obligations*, reporting periods beginning after December 15, 2021. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Currently, the Charter School do not have conduit debt obligation and expects that the adoption of this in fiscal year 2022 will not have an impact on the Charter School's financial statements.

Statement No. 93, *Replacement of Interbank Offered Rates* effective for fiscal years beginning after June 15, 2021. The objective of GASB 93 is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate. The Charter School is currently assessing effect on its financial statement.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangement* effective for fiscal years beginning after June 15, 2022 or fiscal year 2023. The objective of GASB 94 is to improve financial reporting related to public-private and public-public partnership arrangements (PPP). It provides accounting and financial reporting guidance for availability payment arrangements (APA) and establishes definitions of PPPs and APAs and provides uniform guidance on accounting and financial reporting for transactions that meet definitions. The Charter School is currently assessing effect on its financial statement.

**ACHIEVE COMMUNITY CHARTER SCHOOL  
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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 2 ACCOUNTING PRONOUNCEMENTS - CONTINUED**

*B. Accounting Pronouncements Issued but not Yet Adopted - continued*

Statement No. 96, *Subscription-Based Information Technology Arrangement (SBTA)* effective for fiscal year beginning after June 15, 2022. GASB No. 96 establishes uniform accounting and financial reporting requirements, improves comparability of financial statements and enhances information. It establishes that SBTA results in an intangible asset and a subscription liability and provides capitalization criteria for other than subscription payments. The Charter School is currently assessing effect on its financial statement.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Section 457 Deferred Compensation Plans* effective for fiscal years beginning after June 15, 2021. GASB 97 creates an exception, allowing defined contribution pension plans, defined contribution OPEB plans, and certain Section 457 plans who do not have a board to be excluded from consideration as a component unit. The Charter School is currently assessing effect on its financial statement.

Statement No. 98, *The Annual Comprehensive Financial Report* effective for fiscal years ending after December 15, 2021. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The Charter School will adopt this change in fiscal year 2022.

**NOTE 3 CASH AND CASH EQUIVALENTS**

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

As of June 30, 2021, the Charter School's deposits are summarized as follows:

	General Fund	Special Fund	Enterprise Fund	Total
Operating Account	\$ 433,791	\$ 2,643	\$ -	\$ 436,434
Restricted cash	33,866	-	-	33,866
Total	\$ 467,657	\$ 2,643	\$ -	\$ 470,300

Operating cash accounts are held in the Charter School's name by several banking institutions. At June 30, 2021, the Charter School's carrying amount of deposits was \$470,300 and the bank balance was \$472,949. Of the bank balance, up to a maximum of \$250,000 of the Charter School's cash deposits on June 30, 2021 were secured by federal deposit insurance (FDIC) and \$222,949 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Governmental Unit Deposit Protection Act ("GUDPA").

**ACHIEVE COMMUNITY CHARTER SCHOOL  
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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 3 CASH AND CASH EQUIVALENTS - CONTINUED**

*Restricted Cash*

The Charter School has established and funded an Escrow Account pursuant to an agreement signed with the New Jersey Department of Education. The agreement stipulates that the intended use of the escrow amount is “to pay for legal and audit expenses and any other outstanding pension benefits that would be associated with a dissolution should it occur.” The required minimum is \$75,000, of which, the Charter School obtained a surety bond.

**NOTE 4 LONG-TERM DEBT**

During fiscal year 2020, the Charter School received a forgivable loan amounting to \$340,090 under the Paycheck Protection Program (“PPP”), which the Charter School recognized as a long-term debt, in accordance with paragraph 12 of GASB Statement No. 70, “*Nonexchange Financial Guarantee*”. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after 24 weeks as long as the loan proceeds are used for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

The PPP loans payable of \$340,090 and accrued interest of \$3,788 was forgiven on June 21, 2021. Accordingly, the total amount forgiven was recognized as revenue from other financing sources during the fiscal year ended June 30, 2021.

**NOTE 5 NET POSITION**

As of June 30, 2021, the net position consisted of the following components:

<b><u>INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT</u></b>	<b><u>Governmental</u></b>	<b><u>Business Type</u></b>	<b><u>Total</u></b>
Capital assets, net	\$ -	\$ -	\$ -
Less: Long-Term obligations	-	-	-
(All long-term debt relates to capital assets)	-	-	-
<b><u>RESTRICTED</u></b>			
Restricted for:			
Food service	-	-	-
Student activities	2,643	-	2,643
	2,643	-	2,643
<b><u>UNRESTRICTED</u></b>			
Net position not restricted above	815,739	-	815,739
<b>NET POSITION (DEFICIT)</b>	<b><u>\$ 818,382</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 818,382</u></b>



**ACHIEVE COMMUNITY CHARTER SCHOOL  
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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 6 PENSION PLANS**

**A. Description of Plans**

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

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

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

**ii. Teachers Pension and Annuity Fund (TPAF)**

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

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 6 PENSION PLANS - CONTINUED**

**B. Vesting and Benefit Provisions**

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 6 PENSION PLANS - CONTINUED**

**C. Significant Legislation**

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

Chapter 4, P.L. 2001 provides increased benefit to certain members of PERS who retired prior to December 29, 1989 with at least 25 years of creditable service. The maximum amount of the increase is 5 percent the retiree's final compensation. For those with 30 or more years of service, the total pension would increase from 65 to 71 percent of final compensation.

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

**D. Contribution Requirement**

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

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 6 PENSION PLANS - CONTINUED**

**D. Contribution Requirement - Continued**

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

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$112,195 during the year ended June 30, 2021 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

The Charter School did not have PERS contribution nor TPAF on-behalf payments since fiscal year ended June 30, 2021 is the Charter School's first year of operations.

**E. GASB 68 Disclosures**

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

As of June 30, 2021, the Charter School did not have a proportionate share in the State's net pension liability for PERS.

**ii. Teachers Pension and Annuity Fund (TPAF)**

As of June 30, 2021, the Charter School did not have a proportionate share in the State's net pension liability for PERS.

**NOTE 7 POST-RETIREMENT BENEFITS**

***General Information about the OPEB Plan***

The State of New Jersey Provides post-retirement (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2020, the State paid PRM benefits for 143,053 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 2020, the State contributed \$1.578 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's "pay as-you-go" contributions have decreased from Fiscal Year 2019 amounts. Reductions are attributable to various cost savings initiatives implemented by the State, including new Medicare Advantage contracts. The State has appropriated \$1.775 billion in Fiscal Year 2021 as the State's contribution to fund pay-as-you-go PRM costs.

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 7 POST-RETIREMENT BENEFITS - CONTINUED**

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2020 total State OPEB liability to provide these benefits is \$65.5 billion, a decrease of \$10.5 billion or 13.8 percent from the \$76.0 billion liability recorded in Fiscal Year 2019.

Additional information on Pensions and OPEB can be accessed at [state.nj.us/treasury/pensions/financial-reports.shtml](http://state.nj.us/treasury/pensions/financial-reports.shtml).

**Total OPEB Liability**

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

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

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

For the year ended June 30, 2021, the Charter School recognize OPEB revenue and expense of \$0 as determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

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

At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to retired Charter School employees' OPEB was zero.

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 8 DEFERRED COMPENSATION**

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

**NOTE 9 RISK MANAGEMENT**

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

**A. Property and Liability Insurance**

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

**B. New Jersey Unemployment Compensation**

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

**NOTE 10 INTERFUND RECEIVABLES AND PAYABLES**

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

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 10 INTERFUND RECEIVABLES AND PAYABLES - CONTINUED**

At June 30, 2021, the interfund balances consisted of the following:

	<u>RECEIVABLE (PAYABLE)</u>		
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Enterprise Fund</u>
General fund	302,598	(291,338)	(11,260)
GASB No 34 mandated eliminations within governmental activities	<u>(291,338)</u>	<u>291,338</u>	<u>-</u>
Net interfund balances reported as follows: Entity-wide (eliminated in total column)	<u>\$ 11,260</u>	<u>\$ -</u>	<u>\$ (11,260)</u>

**NOTE 11 CONTINGENCIES**

**State and Federal Aid Receipts**

State and Federal awards are generally subject to review by the responsible governmental agencies for compliance with the agencies regulations governing the aid. In the opinion of the Charter School's management and legal counsel, any potential adjustments to the Federal or State aid recorded by the Charter School through June 30, 2021, resulting from a review by a responsible government agency will not have a material effect on the Charter School financial statements at June 30, 2021.

**NOTE 12 MANAGEMENT AGREEMENT**

On July 1, 2019, the Charter School entered into a two-year operating agreement with BRICK, Inc., a New Jersey not-for-profit corporation, which was renewed for another two-year term until June 30, 2023. The fee for the services is equal to 10% of the total federal, state and local public revenue actually received by the Charter School.

Total management fee incurred by the Charter School for the fiscal year ended June 30, 2021 amounted to \$540,767.

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE 13 COVID-19 PUBLIC HEALTH EMERGENCY**

On June 4, 2021, Governor Murphy signed legislation (A5820/S3866) and Executive Order No. 244 ending of the COVID-19 Public Health Emergency that has been in place since March 9, 2020. Under the legislation, the majority of executive orders issued pursuant to the Public Health Emergency expired 30 days from the approval date. The legislation allows for the termination of the Public Health Emergency while also allowing the Administration to retain the tools necessary to manage the ongoing threat posed by the pandemic. Specifically, the Administration is authorized to issue orders, directives, and waivers under the authority in the Emergency Health Powers Act that are related to vaccination efforts; testing; health resource and personnel allocation; data collection, retention, sharing, and access; coordination of local health departments; and implementation of any CDC recommendations to prevent the transmission of COVID-19. This authority lasts until January 11, 2022 and can be extended for 90 days with the passage of a concurrent resolution by the Legislature.

With the end of the Public Health Emergency, full-time school operations were restored in New Jersey beginning September 2021.



**REQUIRED SUPPLEMENTARY INFORMATION**

**PART II**

**BUDGETARY COMPARISON SCHEDULES**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
<b>Revenues</b>					
Local sources:					
Local tax levy	\$ -	\$ -	\$ -	\$ 566,328	\$ 566,328
Contributions	15,456	-	15,456	70,675	55,219
Miscellaneous	39,368	-	39,368	39,368	-
Total - local sources	54,824	-	54,824	676,371	621,547
State sources:					
Equalization aid	3,767,038	-	3,767,038	3,200,710	(566,328)
Categorical special education aid	149,106	-	149,106	149,106	-
Categorical security aid	87,552	-	87,552	87,552	-
Adjustment aid	325,616	-	325,616	325,616	-
Reimbursed T.P.A.F. social security contributions (non-budgeted)	-	-	-	112,195	112,195
Total - state sources	4,329,312	-	4,329,312	3,875,179	(454,133)
Total revenues	4,384,136	-	4,384,136	4,551,550	167,414
<b>Expenditures</b>					
Current expense:					
Regular programs - instruction:					
Kindergarten	161,508	18,189	179,697	179,697	-
Grade 1-5	849,066	(324,566)	524,500	524,500	-
Grade 6-8	231,711	14,130	245,841	245,841	-
Regular programs - Undistributed Instruction:					
Other salaries for instruction	261,545	92,902	354,447	354,447	-
Purchased professional - educational services	364,319	4,130	368,449	368,449	-
General supplies	37,053	7,541	44,594	44,594	-
Total Regular Programs - Instruction	1,905,202	(187,674)	1,717,528	1,717,528	-
Cognitive - Mild					
Salaries	-	125,967	125,967	125,967	-
Undistributed Expenditures - Health Services:					
Salaries	-	85,850	85,850	85,850	-
Supplies and materials	1,793	2,285	4,078	4,078	-
Total Undistributed Expenditures - Health Services	1,793	88,135	89,928	89,928	-
Undistributed Expenditures - Child Study Team:					
Salaries of other professional staff	294,009	(281,781)	12,228	12,228	-
Undistributed Expenditures - Support Services - General Administration:					
Legal services	15,000	4,982	19,982	19,982	-
Audit fees	12,500	6,000	18,500	18,500	-
Other purchased professional services	45,000	6,493	51,493	51,493	-
Communications/telephone	26,542	-	26,542	26,542	-
Total Undistributed Expenditures - Support services - General Administration	99,042	17,475	116,517	116,517	-
Undistributed Expenditures - Support services - School Administration:					
Salaries of principals/assistant principals	330,986	79,882	410,868	410,868	-
Salaries of secretarial and clerical assistants	95,000	79,329	174,329	174,329	-
Salaries of other professional staff	(655)	32,437	31,782	31,782	-
Other purchased services (400-500 Series)	245,356	7,541	252,897	252,897	-
Supplies and materials	2,500	-	2,500	2,500	-
Other objects	2,347	2,500	4,847	4,847	-
Total Undistributed Expenditures - Support Services - School Administration	675,534	201,689	877,223	877,223	-
Undistributed Expenditures - Custodial services:					
Salaries	-	41,887	41,887	41,887	-
Insurance	24,237	-	24,237	24,237	-
Rental of land & bldg. oth. than lease pur agrmt	533,596	-	533,596	533,596	-
Energy (Electricity)	57,922	-	57,922	57,922	-
Total Undistributed Expenditures - Custodial Services	615,755	41,887	657,642	657,642	-
Undistributed Expenditures - Security:					

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
Purchased professional and technical services	33,118	-	33,118	33,118	-
Undistributed expenditures - Student Transportation Services:					
Other purchased prof. and technical serv.	5,100	-	5,100	5,100	-
Unallocated Benefits - Employee Benefits:					
Social security contributions	106,395	-	106,395	106,395	-
Unemployment compensation	48,342	-	48,342	48,342	-
Workmen's compensation	74,874	-	74,874	74,874	-
Health benefits	106,370	3,328	109,698	109,698	-
Total Unallocated Benefits - Employee Benefits	335,981	3,328	339,309	339,309	-
Reimbursed T.P.A.F. social security contributions (non-budgeted)	-	-	-	112,195	(112,195)
Total On-Behalf Contributions	-	-	-	112,195	(112,195)
Total Personal Services - Employee Benefits	335,981	3,328	339,309	451,504	(112,195)
Total Undistributed Expenditures	2,060,332	70,733	2,131,065	2,243,260	(112,195)
Total Expenditures	3,965,534	9,026	3,974,560	4,086,755	(112,195)
Excess (deficiency) of revenues over (under) expenditures	418,602	(9,026)	409,576	464,795	279,609
Other financing sources (uses):					
Paycheck Protection Program loan forgiven	340,090	-	340,090	343,878	3,788
Operating transfers out - Food Program	-	(62,086)	(62,086)	(62,086)	-
Interest expense forgiven (non-budgeted)	-	-	-	(3,788)	(3,788)
Total other financing sources (uses)	340,090	(62,086)	278,004	278,004	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	758,692	(71,112)	687,580	742,799	279,609
Fund balances at beginning of year, as reported	72,940	-	72,940	72,940	-
Prior period adjustment	-	-	-	-	-
Fund balances at beginning of year, as restated	72,940	-	72,940	72,940	-
Fund balances at end of year	\$ 831,632	\$ (71,112)	\$ 760,520	\$ 815,739	\$ 279,609
Recapitulation:					
Unassigned				\$ 815,739	
Reconciliation to governmental funds statements (GAAP):					
Fiscal year 2021 last state aid payments not recognized on GAAP basis				-	
Fund balance per governmental funds (GAAP)				\$ 815,739	

**NOTES TO THE REQUIRED  
SUPPLEMENTARY INFORMATION**

**PART II**

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

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY GAAP RECONCILIATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
(REISSUED)

YEAR ENDED JUNE 30, 2021

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule:	[C-1]	\$ 4,551,550	[C-2]	955,218
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		-
Last State aid payment recognized for budgetary purposes only.		-		-
General Fund contribution to Early Childhood Program Aid.		-		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	<u>4,551,550</u>	[B-2]	<u>955,218</u>
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	4,086,755	[C-2]	955,218
Differences - budget to GAAP				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		-		-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.				
Net transfer (outflows) to general fund		-		-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 4,086,755</u>	[B-2]	<u>\$ 955,218</u>

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART III**

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

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

**EXHIBIT L-1**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Charter School's proportion of the net pension liability (asset)	0%	0%	0%	0%
Charter School's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -
Charter School's covered-employee payroll	\$ -	\$ -	\$ -	\$ -
Charter School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%	0.00%

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

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

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

**EXHIBIT L-2**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered-employee payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%

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



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

**EXHIBIT L-3**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
State's proportion of the net pension liability (asset) attributable to the Charter School	0.0000000000%	0.0000000000%	0.0000000000%	0.0000000000%
State's proportionate share of the net pension liability (asset) attributable to the Charter School	\$ -	\$ -	\$ -	\$ -
Charter School's covered-employee payroll	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) attributable to the Charter School as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%	0.00%

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

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

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART III  
YEAR ENDED JUNE 30, 2021**

**Public Employees Retirement System (PERS)**

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

*Change in assumptions.* The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. The discount rate used to measure the total pension liability changed from 6.28% to 7.00%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

The projection of cash flows used to determine the discount rate of 7% as of June 30, 2020 measurement date assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and nonemployer contributing entity will be based on 78% (70% in prior measurement date) of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions from local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of all current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

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

*Change in assumptions.* The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. The discount rate used to measure the total pension liability changed from 5.60% to 5.40% in the current measurement date. This change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 68.

The single blended discount rate of 5.40% in the current measurement date was based on the long-term expected rate of return on pension plan investments of 7.00% (7.00% in prior measurement date) and a municipal bond rate of 2.21% (3.5% in prior measurement date) based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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

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

**LAST TEN FISCAL YEARS (1)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total State OPEB Liability Attributable to Charter School				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Changes in assumptions and other inputs	-	-	-	-
Benefit payments	-	-	-	-
Contributions from the member	-	-	-	-
Net Change in Total State OPEB Liability Attributable to	-	-	-	-
Total State OPEB Liability Attributable to Charter School:				
At beginning of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
At end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's proportionate share of the Total OPEB Liability	0%	0%	0%	0%
Charter School Covered-employee payroll <sup>(2)</sup>	\$ -	\$ -	\$ -	\$ -
Total State OPEB liability as a percentage of Charter School covered-employee payroll	N/A	N/A	N/A	N/A

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

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

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

## **OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND**

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

EXHIBIT E-1

SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS

YEAR ENDED JUNE 30, 2021

	Every Student Succeeds Act (E.S.S.A.)	I.D.E.A.		COVID-19 Grants			CMO Developer Grant	Student Activities	Total
	Title I, Part A	I.D.E.A. Part B, Basic	Preschool Education Aid	Education Stabilization Fund (CARES Act)	Covid Relief Fund	Project Neighborhood			
<b>Revenues</b>									
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	292,267	58,418	1,404	142,119	23,210	200,000	237,800	-	955,218
<b>Total revenues</b>	<u>292,267</u>	<u>58,418</u>	<u>1,404</u>	<u>142,119</u>	<u>23,210</u>	<u>200,000</u>	<u>237,800</u>	<u>-</u>	<u>955,218</u>
<b>Expenditures</b>									
Instruction:									
Salaries	162,539	-	-	92,583	-	200,000	165,000	-	620,122
Purchased professional - educational services	-	58,418	-	-	-	-	-	-	58,418
Other purchased services (400-500 series)	-	-	-	-	3,645	-	-	-	3,645
General supplies	2,037	-	1,404	17,132	19,565	-	20,000	-	60,138
<b>Total instruction</b>	<u>164,576</u>	<u>58,418</u>	<u>1,404</u>	<u>109,715</u>	<u>23,210</u>	<u>200,000</u>	<u>185,000</u>	<u>-</u>	<u>742,323</u>
Support services:									
Salaries	40,718	-	-	-	-	-	-	-	40,718
Employee benefits	81,303	-	-	32,404	-	-	52,800	-	166,507
Supplies and materials	5,670	-	-	-	-	-	-	-	5,670
<b>Total support services</b>	<u>127,691</u>	<u>-</u>	<u>-</u>	<u>32,404</u>	<u>-</u>	<u>-</u>	<u>52,800</u>	<u>-</u>	<u>212,895</u>
<b>Total expenditures</b>	<u>292,267</u>	<u>58,418</u>	<u>1,404</u>	<u>142,119</u>	<u>23,210</u>	<u>200,000</u>	<u>237,800</u>	<u>-</u>	<u>955,218</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balance at beginning of the year, as reported								-	-
Prior period adjustment								2,643	2,643
Fund balance at beginning of the year, as restated								<u>2,643</u>	<u>2,643</u>
Fund balance at end of year								\$ 2,643	\$ 2,643

## **CAPITAL PROJECTS FUND**

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

At June 30, 2021, there was no capital project fund.

## **ENTERPRISE FUNDS**

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



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

**ENTERPRISE FUND**

**COMBINING SCHEDULE OF NET POSITION**

**JUNE 30, 2021**

	<b>FOOD SERVICE</b>
	<u>                    </u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ -
Interfund receivable	
Accounts receivable:	
Federal	11,047
State	<u>213</u>
	<u>11,260</u>
Total Assets	<u>\$ 11,260</u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ -
Interfund payable - General fund	<u>11,260</u>
<b>Net assets</b>	
Unrestricted	<u>-</u>
Total Liabilities and Net Position	<u>\$ 11,260</u>

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

**ENTERPRISE FUND**

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

**YEAR ENDED JUNE 30, 2021**

	<b>FOOD SERVICE</b>
	<u>                    </u>
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ -
Miscellaneous revenue	<u>-</u>
Total operating revenues	<u>-</u>
Operating expenses:	
Employee benefits	1,200
Supplies and materials - reimbursable programs	<u>34,915</u>
Total operating expenses	<u>36,115</u>
Operating loss	<u>(36,115)</u>
Nonoperating revenues:	
State sources:	
State School Lunch	-
Federal sources:	
National School Lunch	-
National School Breakfast	<u>-</u>
Total nonoperating revenues	<u>-</u>
Income before transfers	(36,115)
Transfers in - General fund	<u>62,086</u>
Changes in net position	25,971
Total net position at beginning of year	<u>(25,971)</u>
Total net position at end of year	<u><u>\$ -</u></u>

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

**ENTERPRISE FUND**

**COMBINING SCHEDULE OF CASH FLOWS**

**YEAR ENDED JUNE 30, 2021**

	<b>FOOD SERVICE</b>
	<u>                    </u>
<b>Cash flows from operating activities</b>	
Operating loss	\$ (36,115)
Adjustment to reconcile operating income to net cash from operating activities:	
Depreciation	-
Changes in assets and liabilities:	
Accounts receivable	12,576
Interfund receivable	5,215
Accounts payable	(55,042)
Interfund payable	<u>11,260</u>
Net cash used by operating activities	<u>(62,106)</u>
 <b>Cash flows from noncapital financing activities</b>	
Transfer-in from General Fund	62,086
Cash received from state and federal reimbursements	<u>-</u>
Net cash from noncapital financing activities	<u>62,086</u>
 Net decrease in cash and cash equivalents	(20)
Cash and cash equivalents at beginning of the year	<u>20</u>
 Cash and cash equivalents at end of year	<u><u>\$ -</u></u>

## **FIDUCIARY FUNDS**

Trust Fund. Accounts for assets held in a trustee capacity for others and therefore cannot be used to support the Charter School's own programs which are as follow:

- a. Pension and Other Employee Benefit Trust. Accounts for resources held in trust for the members and beneficiaries of various employee benefit plans.
- b. Investment Trust Fund. Accounts for the portion of investment pools reported by the sponsoring district.
- c. Private Purpose Trust Fund. Accounts for all other trust arrangements, such as a scholarship fund to benefit individual students.

Custodial Fund. Accounts for resources held by the Charter School in a purely custodial capacity that involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Charter School must maintain the financial integrity of the individual agencies through a separate accounting of each activity for which the Charter School is acting as an agent. Custodial funds would include parent-teacher organizations.

At June 30, 2021, the Charter School do not have a Trust Fund nor Custodial Fund.

## **LONG-TERM DEBT**

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

# **STATISTICAL SECTION (UNAUDITED)**

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

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

**INTRODUCTION TO THE STATISTICAL SECTION**

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	<b>65</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	<b>N/A</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the district' s current levels of outstanding debt and the district's ability to issue additional debt in the future.	<b>N/A</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	<b>70</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	<b>72</b>
<b>Note (1):</b>	<i>Fiscal year ended June 30, 2018 is the first operating year of the Charter School; schedules presenting charter-wide information include information beginning in that year.</i>

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

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

*(Accrual basis of accounting)*

	<b>Fiscal Year Ending June 30,</b>			
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Governmental activities				
Invested in capital assets, net of related debt	\$ -	\$ 25,971	\$ 34,392	\$ -
Restricted	2,643	2,643	-	-
Unrestricted	<u>815,739</u>	<u>46,969</u>	<u>3,400</u>	<u>38,537</u>
Total governmental activities net position	<u>\$ 818,382</u>	<u>\$ 75,583</u>	<u>\$ 37,792</u>	<u>\$ 38,537</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Unrestricted	-	<u>(25,971)</u>	<u>(34,392)</u>	-
Total business-type activities net position	<u>\$ -</u>	<u>\$ (25,971)</u>	<u>\$ (34,392)</u>	<u>\$ -</u>
School-wide				
Invested in capital assets, net of related debt	\$ -	\$ 25,971	\$ 34,392	\$ -
Restricted	2,643	2,643	-	-
Unrestricted	<u>815,739</u>	<u>20,998</u>	<u>(30,992)</u>	<u>38,537</u>
Total charter school net position	<u>\$ 818,382</u>	<u>\$ 49,612</u>	<u>\$ 3,400</u>	<u>\$ 38,537</u>



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

**CHANGES IN NET POSITION**

**Last Ten Fiscal Years (1)**

*(Accrual basis of accounting)*

	<u>2021</u>	<u>Fiscal Year Ending June 30,</u>		<u>2018</u>
		<u>2020</u>	<u>2019</u>	
<b>Expenses</b>				
Governmental activities				
Instruction	\$ 2,877,453	\$ 3,333,485	\$ 2,370,936	\$ 724,567
Administrative	1,127,612	906,773	533,889	167,020
Support Services	1,036,908	1,114,357	868,343	145,896
Unallocated:				
Capital outlay	-	-	135,934	6,280
Total governmental activities expenses	<u>5,041,973</u>	<u>5,354,615</u>	<u>3,909,102</u>	<u>1,043,763</u>
Business-type activities:				
Food service	36,115	116,770	158,263	-
Total business-type activities expense	<u>36,115</u>	<u>116,770</u>	<u>158,263</u>	<u>-</u>
Total district expenses	<u>5,078,088</u>	<u>5,471,385</u>	<u>4,067,365</u>	<u>1,043,763</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
Operating grants and contributions	1,067,413	962,610	794,015	217,693
Total governmental activities program revenues	<u>1,067,413</u>	<u>962,610</u>	<u>794,015</u>	<u>217,693</u>
Business-type activities:				
Charges for services				
Food service	-	45	254	-
After school program	-	-	-	-
Operating grants and contributions	-	125,147	123,617	-
Total business-type activities program revenues	<u>-</u>	<u>125,192</u>	<u>123,871</u>	<u>-</u>
Total district program revenues	<u>1,067,413</u>	<u>1,087,802</u>	<u>917,886</u>	<u>217,693</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	(3,974,560)	(4,392,005)	(3,115,087)	(826,070)
Business-type activities	<u>(36,115)</u>	<u>8,422</u>	<u>(34,392)</u>	<u>-</u>
Total district-wide net expense	<u>(4,010,675)</u>	<u>(4,383,583)</u>	<u>(3,149,479)</u>	<u>(826,070)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Local	566,328	925,620	432,026	131,141
Grants and contributions	3,833,659	3,417,789	2,618,526	728,034
Other financing sources	340,090	-	-	-
Miscellaneous income	39,368	83,744	63,790	5,432
Transfers	<u>(62,086)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>4,717,359</u>	<u>4,427,153</u>	<u>3,114,342</u>	<u>864,607</u>
Business-type activities:				
Transfers	<u>62,086</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>62,086</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>4,779,445</u>	<u>4,427,153</u>	<u>3,114,342</u>	<u>864,607</u>
<b>Changes in Net Position</b>				
Governmental activities	742,799	35,148	(745)	38,537

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

**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years (1)**  
*(Accrual basis of accounting)*

	<u>2021</u>	<u>Fiscal Year Ending June 30,</u>		<u>2018</u>
		<u>2020</u>	<u>2019</u>	
Business-type activities	<u>25,971</u>	<u>8,422</u>	<u>(34,392)</u>	<u>-</u>
Total district	<u>\$ 768,770</u>	<u>\$ 43,570</u>	<u>\$ (35,137)</u>	<u>\$ 38,537</u>

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

**FUND BALANCES - GOVERNMENTAL FUNDS**

**Last Ten Fiscal Years (1)**

*(Modified accrual basis of accounting)*

	Fiscal Year Ending June 30,			
	2021	2020	2019	2018
General Fund				
Assigned	\$ -	\$ -	264,007	-
Restricted	2,643	-	2,643	-
Unassigned	<u>815,739</u>	<u>72,940</u>	<u>(226,215)</u>	<u>38,537</u>
Total general fund	<u>\$ 818,382</u>	<u>\$ 72,940</u>	<u>40,435</u>	<u>38,537</u>

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

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

Function	2021	2020	2019	2018
<b>Revenues</b>				
Local Sources:				
Local tax levy	\$ 566,328	\$ 518,300	\$ 432,026	\$ 215,161
Miscellaneous	110,043	419,740	183,790	5,432
State sources	3,875,179	3,194,352	2,598,411	756,321
Federal sources	955,218	850,051	694,130	105,386
Total Revenues	<u>5,506,768</u>	<u>4,982,443</u>	<u>3,908,357</u>	<u>1,082,300</u>
Current expense				
Instruction	2,459,851	2,767,277	2,017,731	671,300
Administrative cost	1,333,049	1,277,999	788,250	188,199
Support services	1,136,878	1,196,780	867,302	148,897
Capital outlay	-	-	135,934	6,280
TPAF - FICA Reimbursement	112,195	112,559	99,885	28,287
Total Expenditures	<u>5,041,973</u>	<u>5,354,615</u>	<u>3,909,102</u>	<u>1,042,963</u>
Excess (deficiency) of revenues over expenditures	464,795	(372,172)	(745)	39,337
Other financing sources (uses):				
Transfer to food program	(62,086)	-	-	-
Paycheck Protection Program loan forgiven	343,878	-	-	-
Interest expense forgiven (non-budgeted)	(3,788)	-	-	-
Total other financing sources (uses)	<u>278,004</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 742,799</u>	<u>\$ (372,172)</u>	<u>\$ (745)</u>	<u>\$ 39,337</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%

Source: Charter school's records.

Note: Noncapital expenditures are total expenditures less capital outlay.

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

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

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2021	**	**	**	**
2020	\$ 282,520	**	**	14.70%
2019	282,011	\$ 19,140,368,271	\$ 67,657	4.50%
2018	282,090	19,029,509,310	67,459	7.00%
2017	281,014	17,859,563,756	63,554	7.50%

\*\* Data not available

**Source:**

<sup>a</sup> U.S. Census Bureau, Population Division

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

<sup>c</sup> Per capita personal income was computed using Census Bureau midyear population estimates.

All dollar estimates are in thousands of current dollars (not adjusted for inflation). Estimates for 2010-2018 reflect county population estimates available as of March 6, 2019.

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

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

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

Employer	2021		2018	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
St. Barnabas Health Care System	23,000	**	23,000	**
Verizon	17,100	**	17,100	**
Prudential Ins. Co. of America	16,850	**	16,850	**
Rutgers University - Newark Campus	15,500	**	15,500	**
Continental Airlines	11,000	**	11,000	**
Newark Board of Education	7,050	**	7,050	**
Automatic Data Processing	5,649	**	5,649	**
New Jersey Transit	4,000	**	4,000	**
City of Newark	4,000	**	4,000	**
Essex County	3,500	**	3,500	**
PSE&G	-		-	
JP Morgan Chase	-		-	
Horizon Blue Cross/Blue Shield	-		-	
Roche	-		-	
KPMG	-		-	
Ricoh American Corp	-		-	
	<u>107,649</u>		<u>107,649</u>	

Note - Principal employers are that of Essex County

\*\* - Information not available

Source: Essex County Economic Development Corporation

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

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

<b><u>Function/Program</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Instruction	37	35	35	4
Administrative	4	10	10	3
Support Services	10	5	5	7
Food Service	-	-	-	-
Total	<u>51</u>	<u>50</u>	<u>50</u>	<u>14</u>

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

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

OPERATING STATISTICS

Last Ten Fiscal Years (1)  
(Unaudited)

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures<sup>a</sup></u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff<sup>b</sup></u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)<sup>c</sup></u>	<u>Average Daily Attendance (ADA)<sup>c</sup></u>	<u>% Change in Average</u>	<u>Student Attendance Percentage</u>
2021	447	\$ 5,041,973	11,280	-35.54%	37	12:1	380.6	370.9	40.93%	97.44%
2020	306	5,354,615	17,499	2.49%	35	9:1	374.0	263.2	20.77%	70.36%
2019	221	3,773,168	17,073	0.38%	35	6:1	221.2	217.9	262%	98.51%
2018	61	1,037,483	17,008	N/A	5	12:1	62.8	60.1	N/A	95.77%

Source: Charter School's Records

Note: Enrollment based on annual October Charter School count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).



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

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

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<u>Charter School Building</u>				
<u>Elementary School</u>				
Square Feet	4,000	4,000	4,000	4,000
Capacity (students)	900	900	900	900
Enrollment	447	306	221	61
Number of Schools	1	1	1	1

**Source:** Charter School's Records

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

**INSURANCE SCHEDULE**

**June 30, 2021  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
<b>Cyber Liability <sup>(2)</sup></b>		
Network & Info Security Regulatory	\$1,000,000	\$5,000
Defense & Penalties Multimedia	\$1,000,000	\$5,000
Content Liability	\$1,000,000	\$5,000
PCI Fines Penalties Cyber Breach	\$1,000,000	\$5,000
Response	\$1,000,000	\$5,000
Crisis Mgmt & Public Relations	\$1,000,000	\$5,000
Cyber Extortion Cyber	\$1,000,000	\$5,000
Business Income and Extra Expense	\$1,000,000	\$5,000
Digital Asset Restoration	\$1,000,000	\$5,000
Funds Transfer Fraud	\$500,000	\$25,000
Reputation Repair	\$1,000,000	\$5,000
Computer Replacement	\$1,000,000	\$5,000
Service Fraud	\$100,000	\$5,000
BI/PD 1st party	\$250,000	\$5,000
BI/PD 3rd party	\$250,000	\$5,000
Pollution liability	\$250,000	\$5,000
Reputational Harm Loss	\$1,000,000	\$14
Breach Response Sepaate	\$1,000,000	\$5,000
<b>Umbrella <sup>(1)</sup></b>		
Commercial Umbrella	\$1,000,000	\$10,000
<b>Commercial General Liability <sup>(1)</sup></b>		
General aggregate	\$ 3,000,000	
Products/Completed Ops Aggregate	3,000,000	
Personal & Advertising Injury	1,000,000	
Each Occurrence	1,000,000	
Fire Damage	1,000,000	
Medical expense	10,000	any one person
Employee Benefits	3,000,000	
	1,000,000/	
Non Owned & Hired Auto Liability	3,000,000	
Professional liability	3,000,000	
Abuse or Molestation - aggregate	3,000,000	
Abuse or Molestation - limit	1,000,000	
<b>Property <sup>(1)</sup></b>		
Business Personal Property	1,000,000	
Business Income/Extra Expense	1,082,000	

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

**INSURANCE SCHEDULE**

**June 30, 2021  
(Unaudited)**

	<u>Coverage</u>		<u>Deductible</u>
<b>Crime<sup>(1)</sup></b>			
Employee Dishonesty Blanket	200,000		2,500
<b>Accident-Health<sup>(3)</sup></b>			
Accidental Death & Dismemberment	25,000		
<b>D&amp;O w/ EPL<sup>(1)</sup></b>			
Combined Limit Directors & Officers/Employment Practices Liability	1,000,000		25,000
<b>Commercial Package Policy<sup>(1)</sup></b>			
General Liability Coverages			
Each occurrence	1,000,000		
Fire Damage Legal Liability	1,000,000		
Medical expense Limit	20,000		
Personal and Advertising Injury	1,000,000		
General aggregate	3,000,000		
Products/Completed Operations Aggregate	3,000,000		
Additional Coverage, Endorsements and xclusions	1,000,000		
Abuse or Molestation	3,000,000		
Employee Benefits	3,000,000		
Hired & Non-Owned Liability	1,000,000		
<b>Umbrella/Excess Coverages<sup>(1)</sup></b>			
Per Occurrence	1,000,000		
General aggregate	1,000,000		
Retention	None		
<b>Employment Practices &amp; Educators Legal Liability<sup>(4)</sup></b>			
Defense Reimbursement Payments - Retention 10,000	50,000/100,000		
Employment Practices Liability - Retention 25,000	1,000,000		
D&O - Educators Legal Liability - Rentention 10,000	1,000,000		
Policy Aggregate	1,000,000		
<b>Cyber Liability<sup>(5)</sup></b>			
Network & Info Liability	1,000,000	\$	5,000
Regulatory Defense & Penalties	1,000,000	\$	5,000
Multimedia Content Liability	1,000,000	\$	5,000
PCI Fines and Assessments	1,000,000	\$	5,000

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

**INSURANCE SCHEDULE**

**June 30, 2021  
(Unaudited)**

	<u>Coverage</u>		<u>Deductible</u>
Breach Response	1,000,000	\$	5,000
Crisis Management and Public Relations	1,000,000	\$	5,000
Cyber Extortion	1,000,000	\$	5,000
Business Interruption and Extra Expenses	1,000,000	\$	5,000
Business Interruption and Extra Expenses Waiting Period: 8hrs			
Digital Asset Restoration	1,000,000	\$	5,000
Funds Transfer Fraud	500,000	\$	25,000

**Source:** Charter School's Records

- (1) Lloyds of London
- (2) Great American Alliance Insurance Co
- (3) Philadelphia Indemnity Insurance
- (4) Greenwich Insurance Company
- (5) North American Capacity Insurance Co

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

CHARTER SCHOOL PERFORMANCE FRAMEWORK  
FINANCIAL PERFORMANCE  
FISCAL RATIOS

Multi-Year Information

	2019 Audit	2020 Audit	2021 Audit	Source
Cash	\$ 55,488	\$ 319,651	\$ 470,300	Audit: Exhibit A-1
Current Assets	346,167	916,867	1,391,958	Audit: Exhibit A-1
Current Liabilities	342,767	529,808	573,576	Audit: Exhibit A-1
Total Expenses	4,067,365	5,471,385	5,078,088	Audit: Exhibit A-2
Change in Net Assets	(35,137)	43,570	(4,010,675)	Audit: Exhibit A-2
Final Average Daily Enrollment (exclude PK)*	374	306	447	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)	66	500	470	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/note/bond payable:</i>				
Depreciation Expense	-	-	-	Auditor/Workpapers
Interest Expense	-	-	-	Auditor/Workpapers
Principal Payments	-	-	-	Auditor/Workpapers
Interest Payments	-	-	-	Auditor/Workpapers

Performance Indicators		2019	2020	2021	3 YR CUM	Calculation****	Target****
<b>Near Term Indicators</b>							
1a.	Current Ratio (working capital ratio)	1.01	1.73	2.43		Current Assets/Current Liabilities	> 1.1 or between 1.0-1.1 with positive trend
1b.	Unrestricted days cash on hand	5	21	34		Cash/(Total Expenses/365)	60 days or 30-60 days with positive trend
1c.	Enrollment Variance	567%	61%	95%	241%	Average Daily Enrollment/Budgeted Enrollment	>95% or >95% for 3 yr cum
1d.**	Default on loans or delinquent in debt payment	NO	NO	NO		Auditor	not in default
<b>Sustainability Indicators</b>							
2a***	3 Year Cumulative Cash Flow	33,474	264,163	150,649	448,286	Net change in cash flow from prior years	3 yr cum positive with most recent year positive
2b	Debt Service Coverage Ratio	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  
 \*\*\* 2021 =2021 Cash - 2020 Cash; 2020 =2020 Cash-2019 Cash; 2019 =2019 Cash-2018 Cash  
 \*\*\*\* Refer to NJ Performance Framework

Meets Standard  
 Does Not Meet Standard  
 Falls Far Below Standard

# **SINGLE AUDIT SECTION**



EXHIBIT K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Achieve Community Charter School (the Charter School), in the County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 2021, 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 26, 2022.

**Internal Control Over Financial Reporting**

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

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

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

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

**Compliance and Other Matters**

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

We also noted certain matters that we have reported to the Board of Trustees of the Achieve Community Charter School in the County of Essex, New Jersey in a separate *Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance*, dated January 26, 2022.

**Purpose of this Report**

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



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



Galleros Robinson CPAs, LLP  
Certified Public Accountants

January 26, 2022  
Cream Ridge, New Jersey





EXHIBIT K-2

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

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

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

We have audited the Achieve Community Charter School's (the Charter School) in the County of Essex, State of New Jersey compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal and state programs for the fiscal year ended June 30, 2021. The Charter School's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Charter School's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, Uniform Guidance and New Jersey OMB Circular Letter 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

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

In our opinion, the Achieve Community Charter School in the County of Essex, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state program for the fiscal year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

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

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

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

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

**Purpose of 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 OMB Circular Letter 15-08. Accordingly, this report is not suitable for any other purpose.



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



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Galleros Robinson CPAs, LLP  
Certified Public Accountants

January 26, 2022  
Cream Ridge, New Jersey

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2021

Federal Grant/ Pass-Through Grantor/ Program Title	Federal Assiatnce Listing No.	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2020	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2021			
					From	To						(Accounts Receivable)	Deferred Revenue	Due to Grantor	
<b>Special Revenue Fund:</b>															
<b>U.S. Department of Education:</b>															
<b>Passed-through New Jersey State Department Education</b>															
Title I Part A Grants to Local Educational Agencies	84.010	S010A200030	ESSA - 6110 - 21	\$ 292,267	7/1/2020	9/30/2021	\$ -	\$ -	\$ 219,459	\$ (292,267)	\$ -	\$ (72,808)	\$ -	\$ -	
Preschool Grants for Children with Disabilities	84.173	H173A200114	IDEA - 6110 - 21	1,404	7/1/2020	9/30/2021	-	-	-	(1,404)	-	(1,404)	-	-	
Individuals with Disabilities - States Grant (Basic)	84.027	H027A200100	IDEA - 6110 - 21	58,418	7/1/2020	9/30/2021	-	-	21,078	(58,418)	-	(37,340)	-	-	
Individuals with Disabilities - States Grant (Basic)	84.027	H027A190100	IDEA - 6110 - 20	49,172	7/1/2019	6/30/2020	(1,298)	-	1,298	-	-	-	-	-	
COVID 19 - CARES Emergency Relief Grant	84.425D	S425D200027	NA	142,119	3/1/2020	9/30/2022	-	-	85,080	(142,119)	-	(57,039)	-	-	
Total U.S. Department of Education							(1,298)	-	326,915	(494,208)	-	(168,591)	-	-	
<b>U.S. Department of Treasury:</b>															
<b>Passed-through New Jersey State Department Education</b>															
COVID 19 - Coronavirus Relief Fund	21.019	SLT0007	NA	\$ 23,210	9/23/2020	12/31/2020	-	-	23,210	(23,210)	-	-	-	-	
Total U.S. Department of Treasury							-	-	23,210	(23,210)	-	-	-	-	
<b>U.S. Department of Education:</b>															
<b>Passed-through Building Responsible Intelligent Creative Kids</b>															
Charter Schools Program (CSP) Grants to Developers for the Replication and Expansion of High-Quality Charter Schools	84.282	UNKNOWN	UNKNOWN	\$ 237,800	10/1/2020	9/30/2021	-	-	-	(237,800)	-	(237,800)	-	-	
<b>U.S. Department of Education:</b>															
<b>Passed-through South Ward Alliance</b>															
Project Neighborhood Programs	84.215N	UNKNOWN	UNKNOWN	\$ 200,000	1/1/2021	12/31/2021	-	-	150,000	(200,000)	-	(50,000)	-	-	
<b>Total Special Revenue Fund</b>							(1,298)	-	500,125	(955,218)	-	(456,391)	-	-	
<b>U.S. Department of Agriculture</b>															
<b>Passed-through New Jersey State Department of Agriculture</b>															
<b>Enterprise Fund:</b>															
National School Lunch Program	10.555	201NJ304N1099	N/A	\$ 91,722	7/1/2019	6/30/2020	(19,435)	-	9,463	-	-	(9,972)	-	-	
National School Breakfast Program	10.553	201NJ304N1099	N/A	31,707	7/1/2019	6/30/2020	(4,047)	-	2,972	-	-	(1,075)	-	-	
Total U.S. Department of Agriculture							(23,482)	-	12,435	-	-	(11,047)	-	-	
<b>Total Expenditures of Federal Awards</b>							\$ (24,780)	\$ -	\$ 512,560	\$ (955,218)	\$ -	\$ (467,438)	\$ -	\$ -	

SCHEDULE OF STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2021

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2020			Cash Received	Budgetary Expenditures Pass-through Funds	Adjustments Repayment Prior Year's Balances	Balance at June 30, 2021			MEMO	
				Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount				Intergovernmental (Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditure
<b>New Jersey State Department of Education</b>														
General Fund:														
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	\$ 3,200,710	\$ -	\$ -	\$ -	2,875,815	\$ (3,200,710)	\$ -	\$ (324,895)	\$ -	\$ -	\$ 324,895	\$ 3,200,710
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	2,863,368	(136,313)	28,110	-	132,077	-	(28,110)	(4,236)	-	-	4,236	-
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	2,334,463	(103,686)	10,148	-	55,714	-	(10,148)	(47,972)	-	-	-	-
Special Education Categorical Aid	21-495-034-5120-089	7/1/20-6/30/21	149,106	-	-	-	149,106	(149,106)	-	-	-	-	-	149,106
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	87,552	-	-	-	87,552	(87,552)	-	-	-	-	-	87,552
Adjustment Aid	21-495-034-5121-085	7/1/20-6/30/21	325,616	-	-	-	325,616	(325,616)	-	-	-	-	-	325,616
Reimbursed Social Security Tax	21-495-034-5094-003	7/1/20-6/30/21	112,195	-	-	-	97,791	(112,195)	-	(14,404)	-	-	-	112,195
Reimbursed Social Security Tax	20-495-034-5094-003	7/1/19-6/30/20	112,559	(30,312)	-	-	30,312	-	-	-	-	-	-	-
On-Behalf Teachers' Pension and Annuity Fund	21-495-034-5094-002	7/1/20-6/30/21	-	-	-	-	-	-	-	-	-	-	-	-
On-Behalf Teachers' Pension and Annuity Fund – Post-Retirement Medical	21-495-034-5094-001	7/1/20-6/30/21	-	-	-	-	-	-	-	-	-	-	-	-
On-Behalf Teachers' Pension and Annuity Fund – Non-contributory Insurance	21-495-034-5094-004	7/1/20-6/30/21	-	-	-	-	-	-	-	-	-	-	-	-
Total General Fund				(270,311)	38,258	-	3,753,983	(3,875,179)	(38,258)	(391,507)	-	-	329,131	3,875,179
<b>Enterprise Fund:</b>														
State School Lunch Program	20-100-010-3350-023	7/1/19-6/30/20	1,718	(354)	-	-	141	-	-	(213)	-	-	-	-
<b>Total Expenditures of State Financial Assistance</b>				<b>\$ (270,665)</b>	<b>\$ 38,258</b>	<b>\$ -</b>	<b>\$ 3,754,124</b>	<b>\$ (3,875,179)</b>	<b>\$ (38,258)</b>	<b>\$ (391,720)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 329,131</b>	<b>\$ 3,875,179</b>
<b>Less: On-Behalf TPAF Pension System Contributions</b>														
On-Behalf Teachers' Pension and Annuity Fund	21-495-034-5094-002													
On-Behalf Teachers' Pension and Annuity Fund – Post Retirement Medical	21-495-034-5094-001													
On-Behalf Teachers' Pension & Annuity Fund – Non-contributory Insurance	21-495-034-5094-004													
<b>Total for State Financial Assistance-Major Program Determination</b>								<b>\$ (3,875,179)</b>						

**ACHIEVE COMMUNITY CHARTER SCHOOL  
(COUNTY OF ESSEX, NEW JERSEY)****NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE****FISCAL YEAR ENDED JUNE 30, 2021****NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

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

**NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS - CONTINUED**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 3,875,179	\$ 3,875,179
Special Revenue Fund	955,218	-	955,218
Total	<u>\$ 955,218</u>	<u>\$ 3,875,179</u>	<u>\$ 4,830,397</u>

**NOTE 4 RELATIONSHIP TO STATE FINANCIAL REPORTS**

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

**NOTE 5 ON-BEHALF PAYMENTS**

TPAF Social Security Contributions represents reimbursements in the amount of \$112,195 by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2021. The State did not made on-behalf TPAF payments for pension contributions, post-retirement medical benefits and long-term disability insurance contributions for the year ended June 30, 2021.

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

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

**NOTE 7 DE MINIMIS INDIRECT COST**

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

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FISCAL YEAR ENDED JUNE 30, 2021**

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

**Financial Statement Section**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes  No

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

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

**Federal Awards**

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

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

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

Internal control over compliance:

Material weakness(es) identified? \_\_\_\_\_ Yes  No

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a)? \_\_\_\_\_ Yes  No

**Identification of Major Programs:**

<u>CFDA No.</u>	<u>Name of Federal Program</u>
84.010	Title I Part A Grants to Local Educational Agencies



**ACHIEVE COMMUNITY CHARTER SCHOOL  
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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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

**State Financial Assistance**

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

Auditee qualified as low-risk auditee?  Yes  No

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

Internal control over compliance:

Material weakness(es) identified?  Yes  No

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

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

**Identification of Major Programs:**

<u>State or Project No.</u>	<u>Name of State Program</u>
State Aid Public Cluster:	
21-495-034-5120-078	Equalization Aid
21-495-034-5120-084	Security Aid
21-495-034-5120-089	Special Education Categorical Aid
21-495-034-5121-085	Adjustment Aid

**ACHIEVE COMMUNITY CHARTER SCHOOL  
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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None.

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

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

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

None noted.

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

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

**FISCAL YEAR ENDED JUNE 30, 2021**

**Finding 2020-001 Timely Reporting, Account Analysis and Reconciliation  
and Audit Preparation**

The financial records were not readily available during the audit due to turnover in CMO employee and unfamiliarity with the accounting system used. As a result, there were several trial balance revisions to reconcile cash balances, interfund activities, accounts payable and payroll account balances. Also, multiple general ledger cash accounts in each fund were used for a bank account to account for interfund transactions. Case on point, the general fund has cash accounts for food service, student activities and payroll. Several adjusting journal entries were recorded at year-end in each fund to correct the cash balances and other accounts.

There was also one bank account that was overdrawn as of June 30, 2020.

The Board Secretary's and financial reports were not presented monthly to the board as prescribed (N.J.S.A.18A:17-9 and 18A:17-36). In addition, the budget columns in the monthly Board Secretary's report are not updated.

Status: These were corrected in 2021.

**Finding 2020-002 – Claims and Purchase orders**

In our review of claims, we noted the following:

- a. Supporting documents for 6 of 40 sample claims paid were not on file.
- b. Of the 34 claims paid with supporting documents provided,
  - 16 claims have confirming purchase orders.
  - 12 claims did not have signed vendor certifications.
  - 10 claims have inadequate supporting documentation.
  - 3 did not have signed purchase orders.
  - 2 claims have undated purchase orders.

Status: These were corrected in 2021.

**Finding 2020-003 Time and Activity Reports**

During our audit, Title I and IDEA employees did not have time and activity reports first half of the Year.

Status: This condition does not exist in 2021.

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

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

**Finding 2020-004 Late Submission of Food Service Claims**

The reimbursement claims for meals served during the month of September 2019 in the total amount of \$11,797 was submitted to the New Jersey State Department of Agriculture past the 60 days after the end of the reporting month. As a result, the claim is in further review by the New Jersey State Department of Agriculture and remained unpaid at June 30, 2020.

Status: This condition does not exist in 2021.