



Jersey City Community Charter School

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

PREPARED BY

JERSEY CITY COMMUNITY CHARTER SCHOOL

JERSEY CITY COMMUNITY CHARTER SCHOOL

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JERSEY CITY COMMUNITY CHARTERSCHOOL

128 Danforth Avenue, Jersey City, NJ 07305 Phone: (201) 433-2288 - Fax: (201) 433-5803
School Website: www.jccconline.org

January 15, 2022

The Commissioner
New Jersey Department of Education
Riverview Executive Plaza – Bldg. 100
P. O. Box 500
Trenton, New Jersey 08625-0500

Dear Commissioner:

We hereby submit the Annual Comprehensive Financial Report of Jersey City Community Charter School (the “Charter School” or “JCCCS”) for the fiscal year ended June 30, 2021.

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

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

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

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

Information related to this single audit, including the auditor's report on internal control and compliance with applicable *laws and regulations* and findings and recommendations are included in the single audit section of this report.

1) Reporting Entity and Its Services

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

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

The Charter School is open to all Jersey City students on a space available basis and does not discriminate in its admission policies or practices on the basis of intellectual or athletic ability, measures of achievement or aptitude, status as a handicapped person, proficiency in the English language, or any other basis that would be illegal if used by a charter school.

By the end of 2020-2021 school year, the Charter School had a student enrollment of 588 students, which is 8 students higher than the previous year's enrollment. The following details the changes in student enrollment of the school over the last ten years:

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

| <u>Fiscal Year</u> | <u>Average Student Daily Enrollment</u> | <u>Percentage Change</u> |
|---------------------------|----------------------------------------------------|-------------------------------------|
| 2020-2021 | 588 | 1.38% |
| 2019-2020 | 580 | 2.11% |
| 2018-2019 | 568 | -1.05% |
| 2017-2018 | 574 | 2.50% |
| 2016-2017 | 560 | -1.93% |
| 2015-2016 | 571 | -2.56% |
| 2014-2015 | 586 | 0.34% |
| 2013-2014 | 584 | 1.74% |
| 2012-2013 | 574 | -1.03% |
| 2011-2012 | 580 | 1.20% |

2) **Economic Condition and Outlook**

The Charter School is located in Jersey City, the second largest municipality in New Jersey with a population of 270,553 according to the United States Department of Commerce's 2017 Census. The City is located on the west side of the Hudson River, directly across from lower Manhattan in New York City, and is part of the major business and industrial concentration spanning the New York-Northern New Jersey Metropolitan area.

The City's land area is 14.9 square miles, including a five-mile long stretch of Hudson River waterfront that has experienced considerable high-rise office tower, residential and multifamily development over the past ten years. The City is connected to New York City by Holland Tunnel and the PATH railroad tubes, and is within ten miles of Newark Liberty International Airport and the container and cargo facilities of Port Newark-Elizabeth.

The City is located in the County of Hudson. The City's size and current development activities cause it to dominate the economy of Hudson County. The City also serves as the seat of the County Government. Of the approximately 314,272 persons employed in the County, approximately 285,533 or 91 % are employed in Jersey City.

The Charter School has completed its 19th year of implementation. During the 2020-2021 School-Year, the school serviced the following number of students per grade:

2) **Economic Condition and Outlook** - *continued*

| <u>Grades</u> | <u>Students</u> |
|----------------------|------------------------|
| Kindergarten | 64 |
| Grade 1 | 67 |
| Grade 2 | 67 |
| Grade 3 | 60 |
| Grade 4 | 61 |
| Grade 5 | 67 |
| Grade 6 | 68 |
| Grade 7 | 64 |
| Grade 8 | 62 |
| | <u>580</u> |

Growth

At its inception, the Charter School began with 72 kindergarten students. It ended the 2020-2021 school year with an enrollment of 588 students in grades K to 8.

The Charter School is one of the first cohort of charter schools in the State of New Jersey. In December 2000, the school submitted its first renewal application for continuation of its charter. The school submitted its most recent renewal application during the 2015- 2016 school-year and received a charter for an additional five years to 2021-2022. As part of the renewal process, the Charter School was required to develop a five-year fiscal plan.

During the school year, 2003-2004 the Charter School purchased one of its existing facilities (at 128 Danforth Avenue, in Jersey City, New Jersey) from the former owners, the Urban League of Hudson County, Inc. The building had a capacity for up to 350 students. During the 2008-2009 school-year the school completed the expansion of its existing facilities adding 14 classrooms at the 128 Danforth location. In addition, during the school year 2010-2011, the Charter School acquired and renovated a building at 16 Bentley Avenue, Jersey City, New Jersey providing more permanent facilities (classrooms and administrative offices) for the Middle School.

3) Major Initiatives

The Charter School ensures that its curriculum is aligned to state standards. Expeditionary Learning is implemented in English Language Arts Literacy (ELA) in grades K-8. Professional Development participation is conducted throughout the school year and attendance is required for instructional staff. Additionally, in grades K-3, we will continue the implementation of the Children's Literacy Initiative placing continued emphasis on Core Practices - Literacy Environment - Physical Elements, Intentional Read Aloud, Message Time Plus and The Workshop Model. In preparation for NJSLA administration, students receive additional support with technology and the ELA curriculum.

A new mathematics series entitled, enVisionmath 2.0 and Digits 2015 on Realize were implemented in grades K-8. Professional Development activities will be conducted this summer and continued throughout the school year. Staff attendance and participation is required. In preparation for the P ARCC administration, students will receive additional support with technology and the math curriculum.

The Interactive Science for grades K-8 is based on best practices from academic research and alignment to next generation science standards. Which results is a program rooted in sound learning approaches, teaching strategies, and ideas to engage all learners, to maximize their learning, so that they can apply their thinking. Lesson plans are reviewed on a bi-weekly basis. Formal and informal observations are conducted throughout the school year providing feedback to improve teacher practice.

All students receive social studies instruction from Kindergarten through grade 8. The challenges of the 21st Century are complex, have global implications, and are connected to people, places, and events of the past. The study of social studies focuses on deep understanding of concepts that enable students to think critically and systematically about local, regional, national, and global issues. The resources currently used include Social Studies Civics Today, The American Journey, and Discovering Our Past. Authentic learning experiences that enable students to apply content knowledge, develop citizenship skills, and collaborate with students from around the world prepare New Jersey students for the 21st-century workplace. Lesson plans will be reviewed on a bi-weekly basis. Formal and informal observations are conducted the school year, making recommendations and providing to improve teacher practice.

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

4) Internal Accounting Controls

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

As a recipient of federal awards and state financial assistance, the Charter School also is responsible for ensuring that adequate system of internal controls is in place to ensure compliance with applicable laws and regulations related to those programs. This system of internal control is also subject to periodic evaluation by the Charter School's management. As part of the Charter School's single audit described earlier, tests are made to determine the adequacy of the system of internal controls, including that portion related to federal awards and state financial assistance programs, as well as to determine that the Charter School has complied with applicable laws and regulations.

5) Budgetary Controls

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with the statutory requirements of charter school budgets. Annual appropriated budgets are adopted for general and special revenue funds. The final budget amount, as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as re-appropriations of fund balance in the subsequent year.

During the 2020-2021 fiscal school, the Charter School continued its efforts to improve its audit status and operational processes and procedures, correcting deficiencies identified in previous audits and reviews and on maintaining general compliance with sound fiscal practices.

6) Accounting System and Report

The Charter School's accounting records reflect generally accepted accounting principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting records also reflect New Jersey State Statute (N.J.S.A 18:4-14) that requires a uniform system of double-entry bookkeeping consistent with the GAAP established by GASB for us in all school districts and charter school. The accounting system is organized on the basis of funds in accordance with the Uniform Charter of Accounts (Handbook 2R2) for New Jersey Public Schools. These funds are explained in "Notes to the Financial Statements", Note 1.

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

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund for the fiscal year ended June 30, 2021 fiscal year:

**Summary of the General Fund, Special Revenue Fund,
Capital Projects Fund and Debt Service Fund**

| Revenue | 2021 | 2020 | Increase/ (decrease) | % Change |
|-----------------|----------------------|---------------------|---------------------------------|-----------------|
| Local sources | \$ 3,722,828 | \$ 2,732,340 | \$ 990,488 | 36.25% |
| State sources | 6,171,740 | 5,679,660 | 492,080 | 8.66% |
| Federal sources | 1,066,952 | 572,163 | 494,789 | 86.48% |
| | <u>\$ 10,961,520</u> | <u>\$ 8,984,163</u> | <u>\$ 1,977,357</u> | <u>22.01%</u> |

The Charter School experienced an increase in revenue of about 22% which was due to the significant COVID-19 related funding.

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2021:

**Summary of the General Fund, Special Revenue Fund,
Capital Projects Fund and Debt Service Fund**

| Expenditures | 2021 | 2020 | Increase/ (decrease) | % Change |
|---------------------|---------------------|---------------------|---------------------------------|-----------------|
| Instruction | \$ 3,327,075 | \$ 2,609,112 | \$ 717,963 | 27.52% |
| Administrative | 3,110,188 | 2,964,172 | 146,016 | 4.93% |
| Support | 1,716,965 | 1,611,918 | 105,047 | 6.52% |
| Capital outlay | - | 19,777 | (19,777) | 100.00% |
| Debt service | 689,212 | 681,213 | 7,999 | 1.17% |
| | <u>\$ 8,843,440</u> | <u>\$ 7,886,192</u> | <u>\$ 949,249</u> | <u>12.04%</u> |

The Charter School's expenditures increased by about 12% over last year's – which was largely due to COVID-19 related expenditures.

8) Cash Management

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

9) Risk Management

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

10) 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 Olugbenga Olabintan, CPA. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 “*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*”.

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

The 2020-2021 school-year was very challenging due to the COVID-19 pandemic. However, the Charter School continues to enjoy a fairly reasonable financial position through careful stewardship of its resources. We hope that the next school year will have less of the COVID-19 challenges in all areas of the School’s operations, and particularly in the area of student achievement.

11) Acknowledgments

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

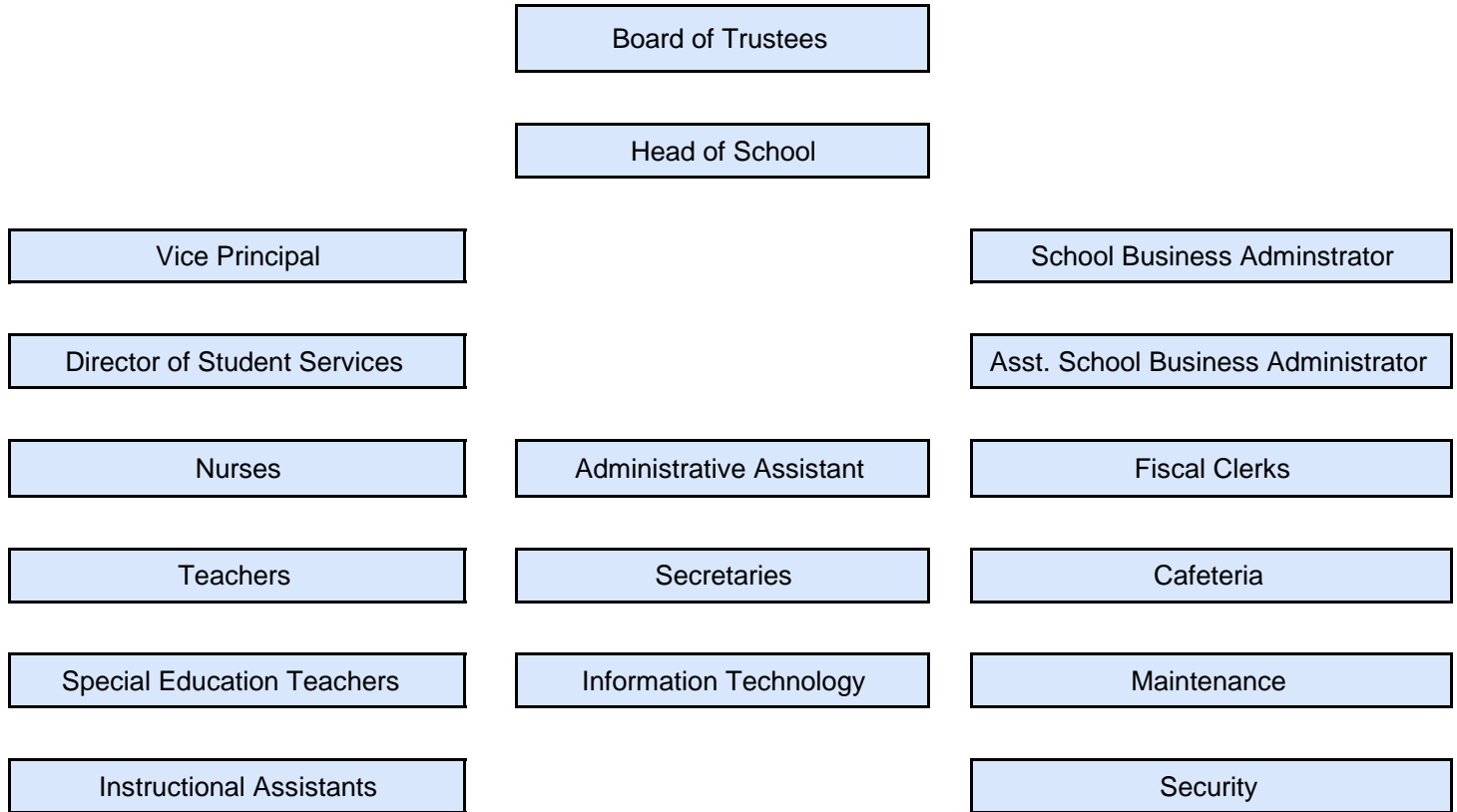
A special note of appreciation is extended to the Business Office and to all of the business operations staff members for their untiring efforts to improve processes, procedures and audit outcomes. Their contributions in support of the students and staff of Jersey City Community Charter School are truly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

Respectfully submitted,

Lenora Galleros, CPA
School Business Administrator

David Asige
Board President

Jersey City Community Charter School
Fiscal Year 2020-2021 Organizational Chart



JERSEY CITY COMMUNITY CHARTER SCHOOL

Roster of Trustees and Officers

June 30, 2021

Members of Board of Trustees

Name

| | |
|--------------------------|----------------|
| David Asige | President |
| Patricia Spiegel-Stroman | Vice President |
| Angela V. McKnight | Trustee |
| Aflowa Zaza | Trustee |
| Zandile P. Nkabinde | Trustee |
| Diedre Ritter | Trustee |

Executive Board

| | |
|---------------------------|-------------------------------|
| David Asige | President |
| Patricia Spiegel-Stroman | Vice President |
| Howard Mankoff, Esq. *** | Board Attorney |
| Ayana Williams *** | Head of School |
| Leonora Galleros, CPA *** | School Business Administrator |

*** Ex-Officio

JERSEY CITY COMMUNITY CHARTER SCHOOL

Consultants and Advisor

Independent Auditors

Olugbenga Olabintan
Certified Public Accountant/Consultant
137 Camden Street
Newark, NJ 07103

Attorneys At Law

Marshall, Dennehey, Warner, Coleman & Goggin
Attorneys at Law
425 Eagle Rock Avenue, Suite 302
Roseland, New Jersey 07068

Official Depository

Bayonne Community Bank
104-110 Avenue C
Bayonne, New Jersey 07002

Financial Section

Olugbenga Olabintan

Certified Public Accountant/Consultant

137 Camden Street, Suite #3
Newark, NJ 07103

Tel: (201) 230-7518
Fax: (973) 368-8268
E-mail: oolabintan@aol.com

Independent Auditors' Report

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

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 Jersey City Community Charter School, in the County of Hudson, State of New Jersey (the "Charter School") 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter School as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows, thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw your attention to Note 2 to the financial statements, which discloses adoption of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, which enhances the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. 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 and Budgetary Comparison Information, and Pension Information* as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying supplementary information, which consists of the introductory section, combining and individual nonmajor fund financial statements, financial schedules and statistical tables 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 are presented for purposes of additional analysis as required by the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the provisions of New Jersey Department of the Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are not a required part of the basic financial statements.

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

The introductory section, financial schedules 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 15, 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 and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.

Olugbenga Olabintan, CPA

January 15, 2022
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant



Olugbenga Olabintan, CPA
Licensed Public School Accountant
No. 20CS00230200

Required Supplementary Information

Part I

Management's Discussion and Analysis

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2021
(Unaudited)

Introduction

This section of Jersey City Community 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.

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

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- Net position of governmental activities ended the fiscal year with \$(7,149,638). Net position of business-type activities, which represent food service operations ended the fiscal year with \$397,264.
- General revenues accounted for \$9,883,812 in revenue or 88 percent of total revenues of \$11,191,939. Program specific revenues, in the form of charges for services, grants, and contributions accounted for \$1,308.127 or 12 percent of total revenues.
- The Charter School had \$8,706,768 in expenses related to governmental activities; \$1,081,559 of these expenses is offset by operating grants and contributions. General revenues (primarily State aid) of \$9,883,812 helped to provide for the balance of these programs.
- The General Fund reported fund surplus at June 30, 2021, of \$3,535,949.

JERSEY CITY COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2021
(Unaudited)

Using the Basic Financial Statements

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

The report is organized so the reader can understand Jersey City 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. 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 Jersey City 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 others, to whom the resources in question belong.

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

Reporting the Charter School as a Whole

Statement of Net Position and Statements of Activities

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

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Statement of Net Position and Statement of Activities-continued

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

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

Business-Type Activity – Services are provided on a charge for goods or services or reimbursement basis to recover the expenses of the goods or services provided. The food service operations/after care programs enterprise fund is reported as a business activity.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
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Year Ended June 30, 2021
(Unaudited)

Enterprise Fund

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

The Charter School as a Whole

The perspective of the Statement of Net Position is of the Charter School as a whole. Net position may serve over time as useful indicator of a government's financial position. In the case of the Charter School, liabilities exceeded assets by \$6,752,374 at the close of 2021. The following table provides a summary of net position relating to the Charter School's governmental and business type activities:

| | Governmental Activities | | Business Type Activities | | Total | |
|------------------------------------------------------------|----------------------------|-----------------------|--------------------------------|-------------------|-----------------------|-----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Assets and deferred outflows of resources | | | | | | |
| Current assets | \$ 6,039,704 | \$ 3,019,489 | \$ 414,867 | \$ 335,150 | \$ 6,454,571 | \$ 3,354,639 |
| Capital assets, net | 2,621,367 | 3,337,911 | - | - | 2,621,367 | 3,337,911 |
| Deferred outflows of resources | 455,736 | 561,038 | - | - | 455,736 | 561,038 |
| Total assets and deferred outflows of resources | <u>9,116,807</u> | <u>6,918,438</u> | <u>414,867</u> | <u>335,150</u> | <u>9,531,674</u> | <u>7,253,588</u> |
| Liabilities and deferred outflows of resources: | | | | | | |
| Current liabilities | 1,174,350 | 902,000 | 17,603 | 8,257 | 1,191,953 | 910,257 |
| Long term liabilities | 13,106,143 | 13,136,644 | - | - | 13,106,143 | 13,136,644 |
| Deferred outflows of resources | 1,985,952 | 2,288,035 | - | - | 1,985,952 | 2,288,035 |
| Total liabilities and deferred inflows of resources | <u>16,266,445</u> | <u>16,326,679</u> | <u>17,603</u> | <u>8,257</u> | <u>16,284,048</u> | <u>16,334,936</u> |
| Net position | | | | | | |
| Invested in | | | | | | |
| Capital assets | | | | | | |
| (net of related debt) | (5,680,409) | (6,512,089) | - | - | (5,680,409) | (6,512,089) |
| Restricted for debt service | 843,471 | 848,360 | - | - | 843,471 | 848,360 |
| Other purposes | - | - | - | - | - | - |
| Unrestricted | <u>(2,312,700)</u> | <u>(3,744,512)</u> | <u>397,264</u> | <u>326,893</u> | <u>(1,915,436)</u> | <u>(3,417,619)</u> |
| Total net position | <u>\$ (7,149,638)</u> | <u>\$ (9,408,241)</u> | <u>\$ 397,264</u> | <u>\$ 326,893</u> | <u>\$ (6,752,374)</u> | <u>\$ (9,081,348)</u> |

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Management's Discussion and Analysis
Year Ended June 30, 2021
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The largest portion of the Charter School's net position is its current assets. The Charter School uses these current assets to provide services.

The total net position of the Charter School increased by \$2,328,914 during the current fiscal year ended June 30, 2021. The majority of the increase was attributable to a surplus of \$2,258,603 in the Governmental Activities. Operating grants and contributions increased by 50 percent.

The table that follows reflects the change in net position for fiscal year 2021.

| | Governmental Activities | | Business Type Activities | | Total | |
|---------------------------------------|----------------------------|-------------------|--------------------------------|------------------|---------------------|-------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charge for services | \$0 | \$0 | \$69,138 | \$85,806 | \$69,138 | \$85,806 |
| Operating grants and contributions | 1,081,559 | 568,859 | 157,430 | 254,484 | 1,238,989 | 823,343 |
| Total program revenues | <u>1,081,559</u> | <u>568,859</u> | <u>226,568</u> | <u>340,290</u> | <u>1,308,127</u> | <u>909,149</u> |
| General revenues: | | | | | | |
| Local aid | 3,666,389 | 2,360,737 | - | - | 3,666,389 | 2,360,737 |
| Federal and state aid | 6,185,736 | 5,682,964 | - | - | 6,185,736 | 5,682,964 |
| Miscellaneous | 31,687 | 371,603 | - | - | 31,687 | 371,603 |
| Transfers | - | (110,000) | - | 110,000 | - | - |
| Total general revenues | <u>9,883,812</u> | <u>8,305,304</u> | <u>-</u> | <u>110,000</u> | <u>9,883,812</u> | <u>8,415,304</u> |
| Total revenues | <u>10,965,371</u> | <u>8,874,163</u> | <u>226,568</u> | <u>450,290</u> | <u>11,191,939</u> | <u>9,324,453</u> |
| Expenses: | | | | | | |
| Instructions | 3,327,075 | 2,609,112 | - | - | 3,327,075 | 2,609,112 |
| Administrative & support services | 4,084,608 | 4,483,280 | - | - | 4,084,608 | 4,483,280 |
| Debt service - interest | 578,542 | 551,213 | - | - | 578,542 | 551,213 |
| Unallocated depreciation | 716,543 | 720,367 | - | - | 716,543 | 720,367 |
| Food service | - | - | 154,447 | 350,380 | 154,447 | 350,380 |
| After school programs | - | - | 1,750 | 34,625 | 1,750 | 34,625 |
| Total expenses | <u>8,706,768</u> | <u>8,363,972</u> | <u>156,197</u> | <u>385,005</u> | <u>8,862,965</u> | <u>8,748,977</u> |
| Change in net position | <u>\$ 2,258,603</u> | <u>\$ 510,191</u> | <u>\$ 70,371</u> | <u>\$ 65,285</u> | <u>\$ 2,328,974</u> | <u>\$ 575,476</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.

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Governmental Activities - *continued*

| | Total Cost of Services | Net Cost of Services |
|-----------------------------------|-------------------------------|-----------------------------|
| Instruction | \$ 3,327,075 | \$ 2,525,488 |
| Administrative & support services | 4,084,608 | 3,804,636 |
| Debt service | 578,542 | 578,542 |
| Unallocated depreciation | 716,543 | 716,543 |
| Total Expenses | \$ 8,706,768 | \$ 7,625,209 |

Business-Type Activity

The business-type activity of the Charter School consists of the food service operation and the after-school programs. These programs had revenues of \$226,568 (including a board contribution of \$-0-) and operating expenses of \$156,197 for fiscal year 2021. The Charter School intended to have food services be self-operating without assistance from the General Fund.

The Charter School's Funds

The Charter School's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues of \$10,961,520 and expenditures of \$8,843,440. The positive change in fund balance for the year was \$2,118,080. The cumulative fund balance from the prior years was \$2,274,885.

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 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's management teams.

For the General Fund, final budgeted revenues were 8,785,851, which included a local tax levy of \$3,666,389. Expenditures and other financing uses were budgeted at \$7,646,907. The Charter School anticipated budgeted fund balance of \$1,858,860 in its 2020-2021 budget year.

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The State of New Jersey reimbursed the Charter School \$175,907 during the year ended June 30, 2021 for the employer's share of social security contributions for TPAF members. Also, the State paid \$876,371 into the TPAF pension representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium Contributions for the Charter School. The unbudgeted amounts were included in both revenues and expenditures.

Capital Assets

At the end of fiscal year 2021, the Charter School had \$3,337,911 invested in capital assets in its governmental activities.

The Charter School's 2021-2022 budget does not anticipate any spending on capital projects.

Long-term debt

At June 30, 2021, the Charter School had \$9,710,000 in long-term debt (\$145,000 of which was due within a year) – Serial Bonds issued in 2016. The Charter School had \$2,460,308 at June 30, 2021 in net pension liability regarding the Public Employees Retirement System. More detailed information about the Charter School's long term obligations is presented in the notes to the financial statements.

Economic Factors and Next Year's Budget

The State of New Jersey and indeed the entire United States continue to face serious budgetary constraints and a result of the sharp downturn in the economy. These impact the amount of state and federal aids allocated to charter schools. This reality was taken into account when adopting the general fund budget for 2021-2022. Nothing was done to compromise the quality of the programs in place in our Charter School during the regular instructional day. The budget was prepared to ensure that all students have the textbooks, materials, supplies, equipment and programs they need to meet New Jersey's Core Curriculum Content Standards. The budget was adopted with a redirection of funds to maintain the quality of the regular school day.

COVID-19 Pandemic

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

certain revenue in the General Fund and other state aid and the local tax levy. There have been additional operating expenses (related to COVID-19) in the General Fund not planned for or expected at the time of the adoption of the Charter School's fiscal year 2021-2022 budget.

During the fiscal year ended June 30, 2021, the Charter School applied for and was approved a \$350,000 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrued interest at 1%, but payments were not required to begin for ten months after the expiration of the covered period which is a maximum of 24 weeks from the funding date. The Charter School was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan was uncollateralized and was fully guaranteed by the Federal government.

The loan was funded on June 8, 2021. The Charter School is in the process of applying for the loan forgiveness during the year ending June 30, 2022. If approved, the entire loan amount will be recognized as revenue during the subsequent fiscal year ending June 30, 2022.

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:

JERSEY CITY COMMUNITY CHARTER SCHOOL
Business Office, 128 Danforth Avenue
Jersey City, New Jersey 07305
Tel: (201) 433-2288* Fax: (201) 433-5803

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the Charter School's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the Year Ended June 30, 2021.

Statement of Net Position

June 30, 2021

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|-------------------------------------------------------------------|------------------------------------|-------------------------------------|---------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 3,515,823 | \$ 258,930 | \$ 3,774,753 |
| Restricted cash and cash equivalents | 1,337,248 | - | 1,337,248 |
| Accounts receivable | 708,243 | 96,128 | 804,371 |
| Other current assets | 6,001 | 59,809 | 65,810 |
| Interfund receivables | - | - | - |
| Bond issuance cost (net of accumulated amortization of \$136,873) | 472,389 | - | 472,389 |
| Capital assets (net of accum deprec of \$10,582,998) | <u>2,621,367</u> | <u>-</u> | <u>2,621,367</u> |
| Total assets | <u>8,661,071</u> | <u>414,867</u> | <u>9,075,938</u> |
| Deferred outflows of resources | | | |
| Pension deferred outflows | <u>455,736</u> | <u>-</u> | <u>455,736</u> |
| Total assets and deferred outflows of resources | <u>\$ 9,116,807</u> | <u>\$ 414,867</u> | <u>\$ 9,531,674</u> |
| Liabilities | | | |
| Accounts payable | \$ 453,727 | \$ 8,929 | \$ 462,656 |
| Intergovernmental payables - state | 65,498 | - | 65,498 |
| Interfunds payables | (8,674) | 8,674 | - |
| Other liabilities | 190,660 | - | 190,660 |
| Paycheck Protection Program (PPP) Loan | 350,000 | - | 350,000 |
| Payroll deductions and withholdings | 114,099 | - | 114,099 |
| Deferred revenue | 9,040 | - | 9,040 |
| Compensated absences | 935,835 | - | 935,835 |
| Current portion of long term obligations | 145,000 | - | 145,000 |
| Noncurrent portion of long term obligations | 9,565,000 | - | 9,565,000 |
| Net pension liability | <u>2,460,308</u> | <u>-</u> | <u>2,460,308</u> |
| Total liabilities | <u>14,280,493</u> | <u>17,603</u> | <u>14,298,096</u> |
| Deferred inflows of resources | | | |
| Pension deferred inflows | <u>1,985,952</u> | <u>-</u> | <u>1,985,952</u> |
| Total liabilities and deferred inflows of resources | <u>16,266,445</u> | <u>17,603</u> | <u>16,284,048</u> |
| Net position | | | |
| Invested in capital assets net of related debt | (5,680,409) | - | (5,680,409) |
| Restricted for debt service | 843,471 | - | 843,471 |
| Unrestricted, undesignated | <u>(2,312,700)</u> | <u>397,264</u> | <u>(1,915,436)</u> |
| Total net position | <u>(7,149,638)</u> | <u>397,264</u> | <u>(6,752,374)</u> |
| Total liabilities, deferred inflows of resources & net position | <u>\$ 9,116,807</u> | <u>\$ 414,867</u> | <u>\$ 9,531,674</u> |

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

JERSEY CITY COMMUNITY CHARTER SCHOOL

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Statement of Activities

Year ended June 30, 2021

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Position | | Total |
|-----------------------------------------------|---------------------|----------------------|------------------------------------|---------------------------------------------------|--------------------------|-----------------------|
| | | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-type Activities | |
| Governmental activities: | | | | | | |
| Instruction: | | | | | | |
| Regular | \$ 3,327,075 | \$ - | \$ 801,587 | \$ (2,525,488) | \$ - | \$ (2,525,488) |
| Administrative & Support services: | | | | | | |
| General administration | 2,367,643 | - | - | (2,367,643) | - | (2,367,643) |
| Support services | 1,716,965 | - | 279,972 | (1,436,993) | - | (1,436,993) |
| Debt service: | | | | | | |
| Interest | 549,212 | - | - | (549,212) | - | (549,212) |
| Amortization of bond issuance costs | 29,330 | - | - | (29,330) | - | (29,330) |
| Unallocated depreciation | 716,543 | - | - | (716,543) | - | (716,543) |
| Total governmental activities | <u>8,706,768</u> | <u>-</u> | <u>1,081,559</u> | <u>(7,625,209)</u> | <u>-</u> | <u>(7,595,879)</u> |
| Business-type activities: | | | | | | |
| Food services | 154,447 | - | 157,430 | - | 2,983 | 2,983 |
| After care programs | 1,750 | 69,138 | - | - | 67,388 | 67,388 |
| Total business-type activities | <u>156,197</u> | <u>69,138</u> | <u>157,430</u> | <u>-</u> | <u>70,371</u> | <u>70,371</u> |
| Total primary government | <u>\$ 8,862,965</u> | <u>\$ 69,138</u> | <u>\$ 1,238,989</u> | <u>(7,625,209)</u> | <u>70,371</u> | <u>(7,525,508)</u> |
| General revenues and transfers: | | | | | | |
| Local sources | | | | 3,666,389 | - | 3,666,389 |
| Federal and state sources | | | | 6,185,736 | - | 6,185,736 |
| Use of money and property | | | | 10,508 | - | 10,508 |
| Miscellaneous | | | | 21,179 | - | 21,179 |
| Transfers | | | | - | - | - |
| Total general revenues and transfers | | | | <u>9,883,812</u> | <u>-</u> | <u>9,883,812</u> |
| Change in net position | | | | 2,258,603 | 70,371 | 2,358,304 |
| Net position - beginning | | | | (9,408,241) | 326,893 | (9,081,348) |
| Net position - ending | | | | <u>\$ (7,149,638)</u> | <u>\$ 397,264</u> | <u>\$ (6,723,044)</u> |

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

Funds Financial Statements

Governmental Funds

JERSEY CITY COMMUNITY CHARTER SCHOOL
Governmental Funds

B-1

Balance Sheet

June 30, 2021

| | General Fund | Special Revenue Fund | Debt Service Fund | Totals Governmental Funds |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------------------|----------------------------------|------------------------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 4,010,391 | \$ (494,568) | \$ - | \$ 3,515,823 |
| Restricted cash and cash equivalents | 493,777 | - | - | 493,777 |
| Restricted cash - bond accounts | - | - | 843,471 | 843,471 |
| State | 7,926 | - | - | 7,926 |
| Federal | - | 614,745 | - | 614,745 |
| Other | 85,572 | - | - | 85,572 |
| Other current assets | 6,001 | - | - | 6,001 |
| Interfund receivable | 71,034 | - | - | 71,034 |
| Total assets | \$ 4,674,701 | \$ 120,177 | \$ 843,471 | \$ 5,638,349 |
| Liabilities and Fund Balances | | | | |
| Interfund accounts payables | \$ - | \$ 62,360 | \$ - | \$ 62,360 |
| Accounts payable | 418,495 | 35,232 | - | 453,727 |
| Intergovernmental payables - federal | - | - | - | - |
| Intergovernmental payables - state | 65,498 | - | - | 65,498 |
| Other liabilities | 190,660 | - | - | 190,660 |
| Paycheck Protection Program (PPP) Loan | 350,000 | - | - | 350,000 |
| Payroll deductions and withholdings | 114,099 | - | - | 114,099 |
| Deferred revenue | - | 9,040 | - | 9,040 |
| Total liabilities | 1,138,752 | 106,632 | - | 1,245,384 |
| Fund balances: | | | | |
| Restricted | 417,900 | 13,545 | 843,471 | 1,274,916 |
| Undesignated | 3,118,049 | - | - | 3,118,049 |
| Total fund balances | 3,535,949 | 13,545 | 843,471 | 4,392,965 |
| Total liabilities and fund balances | \$ 4,674,701 | \$ 120,177 | \$ 843,471 | |
| 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 | \$ 13,204,365 | | | |
| Accumulated depreciation | (10,582,998) | | | |
| | \$ 2,621,367 | | | 2,621,367 |
| 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. | | | | |
| Bonds payable | | | | (9,710,000) |
| Compensated absences payable | | | | (935,835) |
| Capitalized bond issuance cost | \$ 609,262 | | | |
| Accumulated amortization | (136,873) | | | |
| Capitalized bond issuance cost, net of accumulated amortization | \$ 472,389 | | | 472,389 |
| Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 7) | | | | |
| | | | | 455,736 |
| Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7) | | | | |
| | | | | (1,985,952) |
| Long-term liabilities, including net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7) | | | | |
| | | | | (2,460,308) |
| Net position of governmental activities - A-1 | | | | \$ (7,149,638) |

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
Governmental Funds

B-2

Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2021

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Debt Service Fund</u> | <u>Total</u> |
|----------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------------------|----------------------------------|---------------------|
| Revenues: | | | | |
| Local sources: | | | | |
| Local tax levy | \$ 3,666,389 | \$ - | \$ - | \$ 3,666,389 |
| Miscellaneous | 21,179 | 24,752 | 10,508 | 56,439 |
| Total revenues - local sources | <u>3,687,568</u> | <u>24,752</u> | <u>10,508</u> | <u>3,722,828</u> |
| Federal sources | 13,996 | 1,052,956 | - | 1,066,952 |
| State sources | 5,119,462 | - | - | 5,119,462 |
| Reimbursed TPAF-Social Security (non-budgeted) | 175,907 | - | - | 175,907 |
| TPAF pension, post retirement medical and long-term disability premium benefits on-behalf payments (non-budgeted) | - 876,371 | - - | - - | - 876,371 |
| Total revenues | <u>9,873,304</u> | <u>1,077,708</u> | <u>10,508</u> | <u>10,961,520</u> |
| Current expense: | | | | |
| Instruction | 2,525,488 | 801,587 | - | 3,327,075 |
| Administrative | 2,057,910 | - | - | 2,057,910 |
| Support services | 1,421,596 | 279,972 | 15,397 | 1,716,965 |
| Capital outlay | - | - | - | - |
| Reimbursed and on-behalf payments: | | | | |
| Reimbursed TPAF-Social Security (non-budgeted) | 175,907 | - | - | 175,907 |
| TPAF pension, post retirement medical and long-term disability premium benefits on-behalf payments (non-budgeted) | 876,371 | - | - | 876,371 |
| Debt service: | | | | |
| Principal | - | - | 140,000 | 140,000 |
| Interest | - | - | 549,212 | 549,212 |
| Total expenditures | <u>7,057,272</u> | <u>1,081,559</u> | <u>704,609</u> | <u>8,843,440</u> |
| Excess (deficiency) of revenues over (under) expenditures | 2,816,032 | (3,851) | (694,101) | 2,118,080 |
| Other financing sources: | | | | |
| Transfer to cover food deficit | - | - | - | - |
| Transfer to debt service fund - principal | (549,212) | - | 140,000 | (409,212) |
| Transfer to debt service fund - interest | (140,000) | - | 549,212 | 409,212 |
| | <u>(689,212)</u> | <u>-</u> | <u>689,212</u> | <u>-</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 2,126,820 | (3,851) | (4,889) | 2,118,080 |
| Fund balances, beginning of year | 1,409,129 | - | 848,360 | 2,257,489 |
| Prior period adjustment | - | 17,396 | - | 17,396 |
| Fund balances, beginning of year (restated) | <u>1,409,129</u> | <u>17,396</u> | <u>848,360</u> | <u>2,274,885</u> |
| Fund balances, end of year | <u>\$ 3,535,949</u> | <u>\$ 13,545</u> | <u>\$ 843,471</u> | <u>\$ 4,392,965</u> |

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
Reconciliation of the Statement of Revenues, Expenditures
And Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year ended June 30, 2021

B-3

Total net change in fund balances - governmental funds (B-2) \$ 2,118,080

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

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

| | | |
|----------------------|--------------|-----------|
| Depreciation expense | \$ (716,543) | |
| Capital outlays | <u>-</u> | (716,543) |

Repayment of long term loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and it is not reported in the Statement of Activities.

| | | |
|---------------------------------------|----------------|---------|
| Repayment of long term loan principal | <u>140,000</u> | 140,000 |
|---------------------------------------|----------------|---------|

Governmental funds report the effect of premiums and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the current year amortization related to the deferred interest costs.

| | | |
|-------------------------------------|-----------------|----------|
| Bond issuance costs | - | |
| Amortization of bond issuance costs | <u>(29,330)</u> | (29,330) |

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.

| | | |
|----------------------|------------------|-----------|
| Compensated absences | <u>(141,446)</u> | (141,446) |
|----------------------|------------------|-----------|

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

887,842

| | |
|----------------------------------------------------------------|----------------------------|
| Change in net position of governmental activities (A-2) | <u><u>\$ 2,258,603</u></u> |
|----------------------------------------------------------------|----------------------------|

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

Proprietary Funds

**JERSEY CITY COMMUNITY CHARTER SCHOOL
Proprietary Funds**

B-4

Statement of Net Position

June 30, 2021

| | |
|---------------------------|--------------------------|
| Assets | |
| Current assets: | |
| Cash and cash equivalents | \$ 258,930 |
| Accounts receivable: | - |
| Federal | 96,128 |
| State | - |
| Other current assets | 59,809 |
| Interfunds receivable | - |
| Total current assets | <u>\$ 414,867</u> |
| | |
| Liabilities | |
| Current liabilities: | |
| Interfunds payable | \$ 8,674 |
| Accounts payable | 8,929 |
| Total current liabilities | <u>\$ 17,603</u> |
| | |
| Net position | |
| Unrestricted | 397,264 |
| Total net position | <u><u>\$ 397,264</u></u> |

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

**JERSEY CITY COMMUNITY CHARTER SCHOOL
Proprietary Funds**

B-5

Statement of Revenues, Expenditures and Changes in Net Assets

Year ended June 30, 2021

| | |
|----------------------------------------------------|-------------------|
| Operating revenues: | |
| Charges for services: | |
| Daily sales - reimbursable program | \$ 69,138 |
| Daily sales - non-reimbursable program | - |
| Miscellaneous revenue | - |
| Total Operating revenues | <u>69,138</u> |
| Operating expenses: | |
| Cost of sales - reimburseable program | 95,422 |
| Cost of sales - non-reimburseable program | - |
| Salaries | 59,025 |
| Employee benefits | - |
| Professional /technical service | 550 |
| Supplies and materials | - |
| Depreciation | - |
| Miscellaneous | 1,200 |
| Total operating expenses | <u>156,197</u> |
| Operating income/(loss) | <u>(87,059)</u> |
| Nonoperating revenues: | |
| State sources: | |
| State school lunch program | 24 |
| State school breakfast program | - |
| Federal sources: | |
| National school lunch program | 2,599 |
| National school breakfast program | 970 |
| After school snacks program | - |
| Healthy, Hunger-Free Kids Act | 30 |
| Summer Food Program | 153,807 |
| Total nonoperating revenues | <u>157,430</u> |
| Net income/(loss) before contributions & transfers | 70,371 |
| Other financing sources: | |
| Transfer in/(out) - board contribution | - |
| | <u>-</u> |
| Change in net position | 70,371 |
| Total net position-beginning of year | <u>326,893</u> |
| Total net position-end of year | <u>\$ 397,264</u> |

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

**JERSEY CITY COMMUNITY CHARTER SCHOOL
Proprietary Fund**

B-6

Statement of Cash Flows

Year ended June 30, 2021

Cash flows from operating activities

| | |
|----------------------------------------------------------------------------------|-------------|
| Operating loss | \$ (87,059) |
| Adjustment to reconcile operating loss to net cash used in operating activities: | |
| Changes in assets and liabilities: | |
| Accounts receivable | (691) |
| Due to/from general fund | 87,588 |
| Accounts payable | 672 |
| Net cash used in operating activities | <u>510</u> |

Cash flows from noncapital financing activities:

| | |
|------------------------------------------------------|----------------|
| Cash received from state reimbursements | 24 |
| Cash received from federal reimbursements | 157,406 |
| Transfers within fund | - |
| Operating subsidies and transfers from other funds | - |
| Net cash provided by noncapital financing activities | <u>157,430</u> |

Cash flows from investing activities

| | |
|-----------------------------------------|-------------------|
| Net change in cash and cash equivalents | 157,940 |
| Cash and cash equivalents, beginning | 100,990 |
| Cash and cash equivalents, ending | <u>\$ 258,930</u> |

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

**Fiduciary Funds
Not Applicable**

Notes to Basic Financial Statements

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

1 Description of the Charter School and Reporting Entity

Jersey City Community Charter School (the “Charter School” was incorporated in the State of New Jersey on March 13, 1997 as a non-for-profit corporation for the purpose of operating and maintaining a public school under a charter granted by the State of New Jersey, which promotes comprehensive educational reform by infusing innovation into the public education system. It is an instrumentality of the State of New Jersey, established to function as an education institution. The Charter School’s Board of Trustees (the Board) is responsible for the fiscal control of the Charter School. A Principal/Chief School Administrator is appointed by Board and is responsible for the administrative control of the Charter School. Under the existing the statutes, the Charter School’s duties and powers include, but not limited to the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

The primary criterion for including activities within the Charter School’s reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Charter School over which the Board exercises operating control. Based on the aforementioned criteria, the Charter School has no component units to be included in the reporting entity. Further, the Charter School is not includable in any other reporting entity on the basis of such criteria.

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

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies

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

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

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

A Basis of Presentation

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

Charter School Government-wide Financial Statements

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

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - continued

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

Fund Financial Statements

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

B Fund Accounting

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

Governmental Funds

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

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - continued

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

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

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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 similar to business in the private sector. The following is a description of the Proprietary Funds of the Charter School:

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

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

Fiduciary Funds

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

Trust Funds - Expendable Trust Funds (unemployment compensation) are accounted for in essentially the same manner as the governmental funds. The unemployment compensation trust fund is used to account for contributions from employees and the employer (the Charter School) and interest earned on the balance as well as payments to the State for reimbursements of unemployment claims. ***Agency Funds*** – Agency funds (*Payroll, Health Benefits and Student Activity Fund*) are used to account for the assets that the Charter School holds on behalf of others as their agent. Agency funds are custodial in nature and do not involved measurement of results of operations.

GASB Statement No 84 Fiduciary Activities – As of June 30, 2021, there was no Fiduciary Fund due to the adoption of GASB Statement 84, Fiduciary Activities.

C Measurement Focus and Basis of Accounting

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

Measurement Focus

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

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

Basis of Accounting

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

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

D Budgets/Budgetary Control

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

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

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

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

E Cash, Cash Equivalent and Investments

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

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

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

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - continued

F Short-Term Interfund Receivables/Payables

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

G Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase. Inventories in the proprietary funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

H Capital Assets

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

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

| <u>Description of Capital Assets</u> | <u>Estimated Lives (Years)</u> |
|---------------------------------------------|---------------------------------------|
| Building improvements | 15 |
| Buildings | 15 |
| Furniture and equipment | 3-5 |

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

I Compensated Absences

The Charter School accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences." Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on specific events that are outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on specific events that are outside the control of the Charter School and its employees, are accounted for in the period in which such service is rendered or in which such events take place. In governmental and similar trust funds, compensated absences that are expected to be liquidated with the expendable available financial resources are reported as expenditure and fund liability in the fund that will pay for the compensated absences. In proprietary and similar trust funds, compensated absences are required as an expense and liability of the fund that will pay for them.

As of June 30, 2021, a liability existed for compensated absences in the amount \$935,835.

J Accrued Liabilities and Long-Term Obligations

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

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

K Deferred Revenue

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

L Fund Balance and Equity

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

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

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

M Net Position

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

N Management Estimates

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

O On-Behalf Payments

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

P GASB Pronouncements

Adoption of New Accounting Standard

During the fiscal year ended June 30, 2021, the Charter School adopted **GASB Statement No. 84, *Fiduciary Activities (GASB 84)***. GASB 84 enhances the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Specifically, GASB 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. As part of the adoption, the Charter School no longer considers activities in the Unemployment Fund Account, Payroll Agency Fund and Student Activities as fiduciary activities applicable under GASB 84. As a result, the Charter School no longer presents a Statement of Fiduciary Net Position, and records payroll deductions and withholding payable, unemployment activities in the General Fund in the Governmental Fund financial statements.

Accounting Standard Issued but Not Yet Adopted

The GASB issued Statement No. 87, *Leases in June 2017*. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 20, 2020. Management has not yet determined the impact of this statement on the financial statements.

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

Q Fair Value of Financial Instruments

The Charter School follows the accounting and disclosure standards pertaining to GASB 72, Fair Value Measurement and Application, for qualifying assets and liabilities. Fair value is defined as the price that the Charter School would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants at the measurement date.

The Charter School uses a framework for measuring fair value that included a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Charter School. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instruments, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that are developed using market data, such as publicly available information about actual events or transactions, and which reflect the assumptions that market participants would use when pricing an asset or liability. Unobservable inputs are inputs for which market data are not available and that is developed using the best information available about the assumptions that market participants would use when pricing an asset or liability.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 – inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 – inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 – inputs that are unobservable and which require significant judgement or estimation.

An asset or liability level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

3 Deposits and Investments

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

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

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

The Charter School’s cash and cash equivalents are classified below to inform financial statement users about the extent to which the Charter School’s deposits and investments are exposed to custodial credit risk. As of June 30, 2021, the Charter School’s carrying amount of deposits and investments are as follows:

| | General Fund | Special Revenue | Debt Service | Enterprise Funds | Agency Funds | Total |
|---------------|---------------------|---------------------|-------------------|---------------------|-----------------|---------------------|
| Operating A/C | \$ 4,010,391 | \$ (494,568) | \$ - | \$ 258,930 | \$ - | \$ 3,774,753 |
| Restricted | 493,777 | - | 843,471 | - | - | 1,337,248 |
| Total | <u>\$ 4,504,168</u> | <u>\$ (494,568)</u> | <u>\$ 843,471</u> | <u>\$ 258,930</u> | <u>\$ -</u> | <u>\$ 5,112,001</u> |

Operating cash accounts are held in the Charter School’s name by two banking institutions. At June 30, 2021, the Charter School’s carrying amount of deposits was \$5,112,001 and the bank balance was \$5,145,115. Of the bank balance, up to a maximum of \$500,000 of the Charter School’s cash deposits on June 30, 2021 were secured by federal deposit insurance and \$4,645,115 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”).

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

3 Deposits and Investments - continued

Establishment of an Escrow Account

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

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

Category 1 - Insured or collateralized with securities held by the Charter School or by its agent in the Charter School’s name. **Category 2** - Collateralized with securities held by the pledging public depository’s trust department or agent in the Charter School’s name.

Category 3 - Uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository, or by its trust department or agent, but not in the Charter School’s name.

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

Investments

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

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

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

4 Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2021:

| Governmental activities | Beginning Balance | Net Additions (Deletions) | Ending Balance |
|-------------------------------------------|------------------------------|--------------------------------------|---------------------------|
| Capital assets not depreciated: | | | |
| Land | \$ 861,909 | \$ - | \$ 861,909 |
| Capital assets, being depreciated: | | | |
| Buildings | 11,159,270 | - | 11,159,270 |
| Buildings improvements | 403,237 | - | 403,237 |
| Machinery and equipment | 759,340 | - | 759,340 |
| Furniture | 20,609 | - | 20,609 |
| | <u>12,342,456</u> | <u>-</u> | <u>12,342,456</u> |
| Less accumulated depreciation | | | |
| Buildings | 8,825,221 | 638,505 | 9,463,726 |
| Buildings improvements | 341,301 | 20,150 | 361,451 |
| Machinery and equipment | 679,324 | 57,888 | 737,212 |
| Furniture | 20,609 | - | 20,609 |
| | <u>9,866,455</u> | <u>716,543</u> | <u>10,582,998</u> |
| Total capital assets net | <u>\$ 3,337,910</u> | <u>\$ (716,543)</u> | <u>\$ 2,621,367</u> |

Depreciation expense of \$716,543 was charged to an unallocated function.

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

5 Lease Obligations

Equipment Leases

The Charter School leases office equipment (computers and copiers) under several operating lease agreements. For the year ended June 30, 2021, the Charter School incurred \$56,009 in equipment lease expenditures.

| Year ending June 30: | Equipment Leases |
|---------------------------------|-----------------------------|
| 2022 | \$ - |
| 2023 to 2026 | - |
| Thereafter | - |
| | <hr/> |
| | \$ - |
| | <hr/> <hr/> |

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

6 Pension Plans

Description of Plans

Substantially all of the employees of the Charter School are covered by either the Public Employee's Retirement System or the Teacher's Pension and Annuity Fund (both of which are contributory defined benefits plans). Both were established by state statute and are administered by the New Jersey Division of Pension and Benefit (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate.

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

Teachers' Pension and Annuity Fund (TPAF)

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

6 Pension Plans - *continued*

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full-time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the formulas mentioned above, but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Defined Contribution Retirement Program (DCRP)

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

Funding Policy

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

6 Pension Plans - *continued*

Annual Pension Costs (APC)

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

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

The Charter School's contribution to PERS for the year ended June 30, 2021 was \$173,434.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$175,907 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. Also, the State paid \$876,371 into the TPAF pension representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium Contributions for the Charter School. These amounts have been included in the school wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures

Teachers' Pension and Annuity Fund (TPAF)

Summary of Significant Accounting Policies

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

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

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

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

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

Since the Charter School (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Charter School. However, the state's portion of the net pension liability that was associated with the Charter School was \$14,544,638 as measured on June 30, 2020.

For the year ended June 30, 2021, the Charter School recognized pension expense of \$904,448 and revenue of \$904,448 for support provided by the State. The measurement period for the pension expense and revenue reported in the Charter School's financial statements (A-2) at June 30, 2021 is based upon changes in the collective net pension liability with a measurement period of June 30, 2019 through June 30, 2020. Accordingly, the pension expense and the related revenue associated with the support provided by the State are based upon the changes in the collective net pension liability between July 1, 2019 and June 30, 2020.

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

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

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

| | June 30, 2020 | June 30, 2019 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Collective deferred outflows of resources | \$ 9,458,881,999 | \$ 9,932,767,606 |
| Collective deferred inflows of resources | \$14,424,322,612 | \$17,539,845,423 |
| Collective net pension liability (non-employer State of New Jersey) | \$65,848,796,740 | \$61,370,943,870 |
| State's portion of the net pension liability that was associated with the Charter School | \$ 14,544,638 | \$ 14,217,847 |
| State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability | 0.022088% | 0.023167% |

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

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

Actuarial Assumptions - continued

Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-Term Expected Rate of Return - continued

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

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

Long-Term Expected Rate of Return - continued

| Asset Class | Target Allocation | Long Term Expected Real Rate of Return |
|---------------------------------|------------------------------|-------------------------------------------------------|
| US Equity | 27.00% | 7.71% |
| Non-US Developed Markets Equity | 13.50% | 8.57% |
| Emerging Markets Equity | 5.50% | 10.23% |
| Private Equity | 13.00% | 11.42% |
| Real Assets | 3.00% | 9.73% |
| Real Estate | 8.00% | 9.56% |
| High Yield | 2.00% | 5.95% |
| Private Credit | 8.00% | 7.59% |
| Investment Grade Credit | 8.00% | 2.67% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 1.94% |
| Risk Mitigation Strategies | 3.00% | 3.40% |

Discount Rate

The discount rate used to measure the State's total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.21% as of June 30, 2020, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

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

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

Since the Charter School's has no proportionate share of the net pension liability because of the special funding situation, the Charter School would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <https://www.nj.gov/treasury/pensions/documents/financial/gasb/gasb68-tpaf21.pdf>

Pension Plan Fiduciary Net Position

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees' Retirement System (PERS)

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

At June 30, 2021, the Charter School reported a liability of \$2,460,308 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2019. The Charter School's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2020 and 2019. At June 30, 2020, the Charter School's proportion was 0.0150870758% which was a decrease of 0.0004784394% from its proportion measured as of June 30, 2019 which was 0.0146086364%.

For the year ended June 30, 2021, the Charter School recognized pension expense of \$173,434. At June 30, 2021, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

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(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - continued

Public Employees’ Retirement System (PERS) - continued

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Differences between expected and actual experience | \$ 44,798 | \$ 8,701 |
| Changes in assumptions | 79,815 | 1,030,154 |
| Net difference between projected and actual earnings on pension plan investments | 84,095 | - |
| Changes in proportion and differences between Charter School's contributions and proportionate share of contributions | 247,028 | 947,097 |
| Subtotal | 455,736 | 1,985,952 |
| Charter School's contributions subsequent to the measurement date | 173,434 | - |
| Total | \$ 629,170 | \$ 1,985,952 |

\$173,434 reported as deferred outflows of resources related to pensions resulting from school Charter School contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2021, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability measured as of June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30: | Pension Expense |
|-----------------------------|----------------------------|
| 2021 | \$ (569,073) |
| 2022 | (518,822) |
| 2023 | (296,493) |
| 2024 | (119,897) |
| 2025 | (25,931) |
| Thereafter | - |
| | \$ (1,530,216) |

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - continued

Public Employees’ Retirement System (PERS) - continued

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

| | <u>June 30, 2020</u> | <u>June 30, 2019</u> |
|-------------------------------------------------------------|----------------------|----------------------|
| Collective deferred outflows of resources | \$ 2,347,583,337 | \$ 3,149,522,616 |
| Collective deferred inflows of resources | \$ 7,848,949,467 | \$ 7,645,087,574 |
| Collective net pension liability (Non-State Local Group) | \$ 16,307,384,832 | \$ 18,018,482,972 |
| Charter School's portion of the net pension liability | \$ 2,460,308 | \$ 2,632,255 |
| Charter School's proportion (percentage) | 0.01508708% | 0.01460864% |

Actuarial Assumptions

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

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

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2020 are summarized in the following table:

| Asset Class | Target Allocation | Long Term Expected Real Rate of Return |
|---------------------------------|------------------------------|-------------------------------------------------------|
| US Equity | 27.00% | 7.71% |
| Non-US Developed Markets Equity | 13.50% | 8.57% |
| Emerging Markets Equity | 5.50% | 10.23% |
| Private Equity | 13.00% | 11.42% |
| Real Assets | 3.00% | 9.73% |
| Real Estate | 8.00% | 9.56% |
| High Yield | 2.00% | 5.95% |
| Private Credit | 8.00% | 7.59% |
| Investment Grade Credit | 8.00% | 2.67% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 1.94% |
| Risk Mitigation Strategies | 3.00% | 3.40% |

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

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

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

The following presents the collective net pension liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

| | 2020 | | |
|---------------------------------------------------------------|--------------------------------|----------------------------------------------|--------------------------------|
| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
| Charter School's proportionate share of the pension liability | \$ 3,121,471 | \$ 2,460,308 | \$ 1,935,055 |
| | 2019 | | |
| | 1% Decrease (5.28%) | Current Discount Rate (6.28%) | 1% Increase (7.28%) |
| Charter School's proportionate share of the pension liability | \$ 3,348,096 | \$ 2,632,255 | \$ 2,062,799 |

Pension Plan Fiduciary Net Position

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

8 Post Retirement Benefits

Plan Description and Benefits Provided

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

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

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

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

Employees Covered by Benefit Terms.

At June 30, 2019, the following employees were covered by the benefit terms:

Active plan member = 216,804

Inactive plan members entitled to but not yet receiving benefits = 149,304

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

Total plan members = 366,108

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

8 Post Retirement Benefits – *continued*

Total Non-employer OPEB Liability

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

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

8 Post Retirement Benefits – *continued*

Actuarial Assumptions and Other Inputs - *continued*

Preretirement mortality rates were based on the Pub-2010 Healthy “teachers” (TPAF/ABP) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, and July 1, 2014 - June 30, 2018 for TPAF, PFRS and PERS, respectively.

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for the fiscal year 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/ Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

8 Post Retirement Benefits – continued

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

| | Increase/(Decrease) Total OPEB Liability |
|----------------------------------------------------|-----------------------------------------------------|
| Balance as of June 30, 2019 measurement date | \$ 41,729,081,045 |
| Changes recognized for the fiscal year: | |
| Service cost | \$ 1,790,973,822 |
| Interest on total OPEB liability | 1,503,341,357 |
| Difference between expected and actual experiences | 11,544,750,637 |
| Effect of changes of assumptions | 12,386,549,981 |
| Gross benefits paid by the State | (1,180,515,618) |
| Contributions from the members | 35,781,384 |
| Net changes | \$ 26,080,881,563 |
| Balance as of June 30, 2020 measurement date | \$ 67,809,962,608 |

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

The following presents the total nonemployer OPEB Liability attributable to the Charter School as of June 30, 2020 and 2019, respectively, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the Charter School would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | 2020 | | |
|---------------------------------------------------------|---------------------------------------|--------------------------------------------|---------------------------------------|
| | At 1% Decrease (1.21%) | At 1% Discount Rate (2.21%) | At 1% Increase (3.21%) |
| Total OPEB liability attributable to the Charter School | \$ 13,487,214 | \$ 11,187,422 | \$ 9,389,362 |
| | 2019 | | |
| | At 1% Decrease (2.50%) | At 1% Discount Rate (3.50%) | At 1% Increase (4.50%) |
| Total OPEB liability attributable to the Charter School | \$ 7,451,964 | \$ 6,307,766 | \$ 5,398,878 |

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

8 Post Retirement Benefits – continued

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

The following presents the total nonemployer OPEB Liability attributable to the Charter School as of June 30, 2020 and 2019, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the Charter School would be if it were calculated using a healthcare trend rate that is I-percentage-point lower or I-percentage-point higher than the current rate:

| | 2020 | | |
|---------------------------------------------------------|----------------------------------|----------------------------------------------|----------------------------------|
| | <u>At 1% Decrease</u> | <u>Healthcare Cost Trend Rate</u> | <u>At 1% Increase</u> |
| Total OPEB liability attributable to the Charter School | <u>\$ 13,487,214</u> | <u>\$ 11,187,422</u> | <u>\$ 9,389,362</u> |
| | 2019 | | |
| | <u>At 1% Decrease</u> | <u>Healthcare Cost Trend Rate</u> | <u>At 1% Increase</u> |
| Total OPEB liability attributable to the Charter School | <u>\$ 5,197,318</u> | <u>\$ 6,307,766</u> | <u>\$ 7,777,771</u> |

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

For the fiscal year ended June 30, 2021 the Charter School recognized OPEB expense of \$1,069,069 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the Charter School's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2020 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

8 Post Retirement Benefits – continued

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Differences between actual and expected experience | \$ 10,295,318,750 | \$ (9,170,703,615) |
| Net difference between expected and actual earnings on OPEB plan investments | - | - |
| Assumption changes | 11,534,251,250 | (7,737,500,827) |
| Subtotal | 21,829,570,000 | (16,908,204,442) |
| Contributions made in fiscal year 2019 after June 30, 2018 measurement date | TBD | N/A |
| Total | \$ 21,829,570,000 | \$ (16,908,204,442) |

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

| Measurement Period - Fiscal Year Ending June 30: | Total |
|---------------------------------------------------------|------------------|
| 2021 | \$ 43,440,417 |
| 2022 | \$ 43,440,417 |
| 2023 | \$ 43,440,417 |
| 2024 | \$ 43,440,417 |
| 2025 | \$ 43,440,417 |
| Thereafter | \$ 4,704,163,473 |
| | \$ 4,921,365,558 |

9 Deferred Compensation

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

10 Economic Dependency

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

11 Fund Balance Appropriated – General Fund (Exhibit B- 1)

Of the \$3,535,949 General Fund balance at June 30, 2021, \$417,900 is reserved for debt service cash account, \$3,118,049 is unreserved and undesignated.

12 Contingent Liabilities

The Charter School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Charter School may be required to reimburse the grantor government. As of June 30, 2021, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Charter School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Charter School.

The Charter School's attorney's letter advises that they represented the Charter School in a lawsuit filed by a former teacher of the Charter School in the Superior Court of New Jersey, Law Division: Hudson County. The former teacher alleged that they were terminated based on gender and race, in violation of the New Jersey Law Against Discrimination. The attorney's letter further advises that he case has been settled. And the settlement proceeds were paid by the Charter School's insurance carriers.

Transportation Issue

The transportation of the Charter School's students (to and from school) is provided by the Jersey City Public Schools ("JCPS") as part of the administrative fee (10%) that goes to the resident school district. The Charter School's transportation has been provided by the JCPS since 1997 as part of a bidding process which the JCPS conducts. It should be noted that the Charter School does not directly transport any of its students to and from school. It should also be noted that New Jersey Statute - Title 18A:39-1 states as follows: "*Whenever in any district there are elementary school pupils who live more than two (2) miles from their public school of attendance or secondary school pupils who live more than two and a half (2 ½) miles from their public school of attendance, the district shall provide transportation to and from school for these pupils.*"

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

12 **Contingent Liabilities - *continued***

Transportation Issue - *continued*

It is the understanding of the Charter School that Jersey City Public Schools has complied and continues to comply with NJ Title 18A:39-1 in carrying out their obligations under the transportation agreement they have with the Charter School. The Charter School maintains that the "to and from" school transportation that the JCPS provided was for only eligible students.

Further, by their letter dated July 1, 2008 to the Charter School, the Jersey City Public Schools acknowledged a dispute (by the Charter School) of their billings. The Charter School is disputing billings submitted by the School District for several years. Pursuant to the dispute, the Charter School has accrued liabilities in its financial statements in the amount of \$190,660 through June 30, 2020. This is to recognize the liabilities, pending the complete resolution of all disputes.

13 **Risk Management**

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

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

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

14 Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2021 is as follows:

| Fund | Interfund Receivable | Interfund Payable |
|-----------------------|---------------------------------|------------------------------|
| General Fund | \$ 71,034 | \$ - |
| Special Revenue Fund | - | 62,360 |
| Enterprise Fund | - | 8,674 |
| Trust and Agency Fund | - | - |
| | \$ 71,034 | \$ 71,034 |

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

15 Receivables

Receivables as of June 30, 2021 consisted of accounts, intergovernmental, grants and miscellaneous. All receivables are considered collectible in full. A summary of the principal items of receivables are as follows:

| | |
|-------------------|------------|
| State aid | \$ 7,926 |
| Federal aid | 710,873 |
| Other | 145,381 |
| Total receivables | \$ 864,180 |

16 Risk and Uncertainties – COVID-19 and Its Impact

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 21, 2020, New Jersey State Governor Phil Murphy ordered the closure of the physical location of every “non-life sustaining” and “non-essential” business.

The Charter School’s operations are heavily dependent on both federal and state grant revenues. Its physical locations were closed from March 2020 through September 2020. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such it is uncertain as to the full impact that the pandemic will have on the Charter School’s financial condition, liquidity, and future results of operations.

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

16 Risk and Uncertainties – COVID-19 and Its Impact - *continued*

Management is actively monitoring the situation on its financial condition, liquidity and operations. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the COVID-19 pandemic. Nevertheless, the COVID-19 pandemic presents material uncertainty and risk with respect to the Charter School its performance, and its financial results.

However, it should be noted that as of the date of this report, the Charter School's various federal and state grants have not been materially impacted.

Further, it should be noted that the United States government has expedited the process of vaccinating its people against the virus and it appears the restrictions on movement imposed earlier are gradually easing.

17 Paycheck Protection Program Loan

During the fiscal year ended June 30, 2021, the Charter School applied for and was approved a \$350,000 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrued interest at 1%, but payments were not required to begin for ten months after the expiration of the covered period which is a maximum of 24 weeks from the funding date. The Charter School was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan was uncollateralized and was fully guaranteed by the Federal government.

The loan was funded on June 8, 2021. The Charter School is in the process of applying for the loan forgiveness during the year ending June 30, 2022. If approved, the entire loan amount will be recognized as revenue during the subsequent fiscal year ending June 30, 2022.

18 Subsequent Events

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

- The Charter School is in the process of applying for the forgiveness of the \$350,000 Paycheck Protection Program (PPP) loan which if approved will result in the entire loan amount being recognized as revenue for the subsequent fiscal year ending June 30, 2022

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
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19 Long Term Liabilities – Bonds Payable

On October 28, 2016, the Charter School issued Charter School Revenue Bonds in the sum of \$10,225,000 at variable interest rates from 5.00% to 5.75%. The Bonds consisted of Series 2016A (Tax Exempt) in the sum of \$9,365,000 (due on July 1, 2022) and Series 2016B (Taxable) in the sum of \$860,000 (due on July 1, 2047). The proceeds from the bond was used to refinance all existing long-term loans in the total amount of \$7,879,478. Also, part of the proceeds was used to establish a debt service reserve fund in the amount of \$810,88, paid issuance costs of \$255,364 and covered operating costs of \$670,508.

The debt service reserve is escrowed with Huntington National Bank, the Bond Trustee. The use of the reserve and any interest earned on the deposit is restricted for debt service.

The bonds were issued at a discount of \$609,262 as follows:

| | Series 2016A | Series 2016B | Total |
|-----------|---------------------|---------------------|---------------------|
| | (Tax Exempt) | (Taxable) | |
| Par value | \$ 9,365,000 | \$ 860,000 | \$ 10,225,000 |
| Discount | (490,626) | (118,636) | (609,262) |
| | <u>\$ 8,874,374</u> | <u>\$ 741,364</u> | <u>\$ 9,615,738</u> |

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

19 Long Term Liabilities – Bonds Payable - *continued*

The schedule of future principal and interest payments for the serial bonds is as follows:

| Year ending June 30: | Serial Bonds | | |
|---------------------------------|---------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2022 | \$ 145,000 | \$ 540,588 | \$ 685,588 |
| 2023 | 200,000 | 531,963 | 731,963 |
| 2024 | 180,000 | 522,238 | 702,238 |
| 2025 | 190,000 | 512,525 | 702,525 |
| 2026 | 200,000 | 502,288 | 702,288 |
| 2027 | 210,000 | 491,525 | 701,525 |
| 2028 | 220,000 | 480,238 | 700,238 |
| 2029 | 235,000 | 468,294 | 703,294 |
| 2030 | 245,000 | 455,694 | 700,694 |
| 2031 | 260,000 | 442,438 | 702,438 |
| 2032 | 275,000 | 428,394 | 703,394 |
| 2033 | 290,000 | 413,563 | 703,563 |
| 2034 | 305,000 | 397,181 | 702,181 |
| 2035 | 325,000 | 379,069 | 704,069 |
| 2036 | 340,000 | 359,950 | 699,950 |
| 2037 | 365,000 | 339,682 | 704,682 |
| 2038 | 385,000 | 318,119 | 703,119 |
| 2039 | 405,000 | 295,406 | 700,406 |
| 2040 | 430,000 | 271,400 | 701,400 |
| 2041 | 455,000 | 245,957 | 700,957 |
| 2042 | 485,000 | 218,932 | 703,932 |
| 2043 | 510,000 | 190,325 | 700,325 |
| 2044 | 540,000 | 160,137 | 700,137 |
| 2045 | 575,000 | 128,081 | 703,081 |
| 2046 | 610,000 | 94,013 | 704,013 |
| 2047 | 645,000 | 57,932 | 702,932 |
| 2048 | 685,000 | 19,694 | 704,694 |
| | <u>\$ 9,710,000</u> | <u>\$ 9,265,626</u> | <u>\$ 18,975,626</u> |

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

20 General Long-Term Debt

During the year ended June 30, 2021, the following changes occurred in liabilities reported in the Statement of Net Position (Deficit):

| | Balance June 30, 2020 | New Issues/ Additions | Maturities/ Payments | Balance June 30, 2021 | Due Within One Year |
|--------------------------------|--------------------------|--------------------------|-------------------------|--------------------------|------------------------|
| Bonds payable | \$ 9,850,000 | \$ - | \$ (140,000) | \$ 9,710,000 | \$ 145,000 |
| Unamortized discount | (501,719) | - | 29,330 | (472,389) | (29,330) |
| | <u>9,348,281</u> | <u>-</u> | <u>(110,670)</u> | <u>9,237,611</u> | <u>115,670</u> |
| Other non-current liabilities: | | | | | |
| Compensated absences | 794,389 | 242,112 | (100,666) | 935,835 | 100,666 |
| Net pension liability | 2,632,255 | - | (171,947) | 2,460,308 | 173,434 |
| | <u>\$12,774,925</u> | <u>\$ 242,112</u> | <u>\$ (383,283)</u> | <u>\$ 12,633,754</u> | <u>\$ 389,770</u> |

21 Reconciliation of Government-Wide and Fund Financial Statements

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

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

| | |
|-----------------------------------------------------|-----------------------|
| Fund balance per B-1 as of June 30, 2021 | \$ 4,392,965 |
| Cost of capital assets net accumulated depreciation | 2,621,367 |
| Long term liabilities - the Serial Bonds | (9,710,000) |
| Compensated absences liability as of June 30, 2021 | (935,835) |
| Bond issuance costs, net accumulated amortization | 472,389 |
| Pension deferred outflows | 455,736 |
| Pension deferred inflows | (1,985,952) |
| Deferred pension liability as of June 30, 2021 | (2,460,308) |
| Net position (per A-1) as of June 30, 2021 | <u>\$ (7,149,638)</u> |

Required Supplementary Information

Part II

Budgetary Comparison

**JERSEY CITY COMMUNITY CHARTER SCHOOL
General Fund**

C-1

Budget Comparison Schedule

Year ended June 30, 2021

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|-----------------------------------------------------------|----------------------------|-----------------------------|-------------------------|------------------|-----------------------------------------|
| Revenues | | | | | |
| Local Sources: | | | | | |
| Local tax levy | \$ 3,666,389 | \$ - | \$ 3,666,389 | \$ 3,666,389 | \$ - |
| Miscellaneous | - | - | - | 21,179 | 21,179 |
| Total revenues -local sources | <u>3,666,389</u> | <u>-</u> | <u>3,666,389</u> | <u>3,687,568</u> | <u>21,179</u> |
| Federal and state sources: | | | | | |
| State sources | 4,961,614 | 157,848 | 5,119,462 | 5,119,462 | - |
| Federal source - SEMI | | | | 13,996 | 13,996 |
| Reimbursed TPAF-Social Security (non-budgeted) | - | - | - | 175,907 | 175,907 |
| TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted) | - | - | - | 208,953 | 208,953 |
| Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted) | - | - | - | 666,762 | 666,762 |
| Long Term Disability Insurance (On-Behalf-Non-Budgeted) | - | - | - | 656 | 656 |
| Total -federal and state sources | <u>4,961,614</u> | <u>157,848</u> | <u>5,119,462</u> | <u>6,185,736</u> | <u>1,066,274</u> |
| Total revenues | <u>8,628,003</u> | <u>157,848</u> | <u>8,785,851</u> | <u>9,873,304</u> | <u>1,087,453</u> |
| Expenditures | | | | | |
| Current expense: | | | | | |
| Instruction | | | | | |
| Salaries of teachers | 2,470,239 | (136,385) | 2,333,854 | 2,173,151 | 160,703 |
| Other salaries for instruction | 79,950 | 142,385 | 222,335 | 188,335 | 34,000 |
| Purchased professional technical services | 63,000 | 87,000 | 150,000 | 111,866 | 38,134 |
| Other purchased services | 5,500 | 1,500 | 7,000 | 2,859 | 4,141 |
| General educational supplies | 60,000 | (32,000) | 28,000 | 21,913 | 6,087 |
| Textbooks | 50,000 | (200) | 49,800 | 18,700 | 31,100 |
| Miscellaneous expenses | 10,000 | 2,200 | 12,200 | 8,664 | 3,536 |
| | <u>2,738,689</u> | <u>64,500</u> | <u>2,803,189</u> | <u>2,525,488</u> | <u>277,701</u> |

**JERSEY CITY COMMUNITY CHARTER SCHOOL
General Fund**

C-1

Budget Comparison Schedule

Year ended June 30, 2021

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|------------------------------------------|----------------------------|-----------------------------|-------------------------|------------------|-----------------------------------------|
| Administrative cost: | | | | | |
| Salaries | 517,711 | 19,000 | 536,711 | 536,291 | 420 |
| Total benefit costs | 1,896,785 | (124,436) | 1,772,349 | 1,242,597 | 529,752 |
| Professional /Technical service | 226,000 | (55,000) | 171,000 | 56,463 | 114,537 |
| Other purchased services | 78,000 | - | 78,000 | 85,154 | (7,154) |
| Communications and Telephones | 97,100 | 37,000 | 134,100 | 87,347 | 46,753 |
| Supplies and materials | 30,000 | (2,000) | 28,000 | 9,777 | 18,223 |
| Judgements against charter school | - | - | - | - | - |
| Interest on current loans | - | - | - | - | - |
| Mortgage interest | - | - | - | - | - |
| Miscellaneous expenses | 53,700 | - | 53,700 | 40,281 | 13,419 |
| | <u>2,899,296</u> | <u>(125,436)</u> | <u>2,773,860</u> | <u>2,057,910</u> | <u>715,950</u> |
| Support services: | | | | | |
| Salaries | 833,678 | 23,080 | 856,758 | 774,975 | 81,783 |
| Purchased prof/tech service | 65,000 | 196,000 | 261,000 | 270,672 | (9,672) |
| Other purchased services | 107,100 | 48,000 | 155,100 | 148,719 | 6,381 |
| Rent on land and buildings | - | - | - | - | - |
| Insurance-fidelity, liability property | 67,500 | 174 | 67,674 | 67,674 | - |
| Supplies and materials | 60,000 | (10,174) | 49,826 | 28,522 | 21,304 |
| Energy & Utilities | 190,000 | (25,000) | 165,000 | 129,702 | 35,298 |
| Miscellaneous expenses | 45,000 | - | 45,000 | 303 | 44,697 |
| Transportation other than to/from school | 25,000 | (20,000) | 5,000 | 1,029 | 3,971 |
| Total support services | <u>1,393,278</u> | <u>212,080</u> | <u>1,605,358</u> | <u>1,421,596</u> | <u>183,762</u> |

**JERSEY CITY COMMUNITY CHARTER SCHOOL
General Fund**

C-1

Budget Comparison Schedule

Year ended June 30, 2021

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|-------------------------------------------------------------------------------------------------------------------|----------------------------|-----------------------------|-------------------------|---------------------|-----------------------------------------|
| Capital outlay: | | | | | |
| Instructional equipment | 30,000 | - | 30,000 | - | 30,000 |
| Non-instructional equipment | 50,000 | - | 50,000 | - | 50,000 |
| Purchase land/improvements | 382,000 | - | 382,000 | - | 382,000 |
| Miscellaneous expenses | 2,500 | - | 2,500 | - | 2,500 |
| Lease purchase agreements - principal | - | - | - | - | - |
| Total capital outlay | <u>464,500</u> | <u>-</u> | <u>464,500</u> | <u>-</u> | <u>464,500</u> |
| Reimbursed TPAF-Social Security (non-budgeted) | - | - | - | 175,907 | (175,907) |
| TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted) | | | | 208,953 | (208,953) |
| Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted) | | | | 666,762 | (666,762) |
| Long Term Disability Insurance (On-Behalf-Non-Budgeted) | - | - | - | 656 | (656) |
| Total expenditures | <u>7,495,763</u> | <u>151,144</u> | <u>7,646,907</u> | <u>7,057,272</u> | <u>1,466,006</u> |
| Excess (deficiency) of revenues over (under) expenditures | 1,132,240 | 6,704 | 1,138,944 | 2,816,032 | (378,553) |
| Other financing sources: | | | | | |
| Transfer to debt service fund - interest | (544,213) | - | (544,213) | (549,212) | 4,999 |
| Transfer to debt service fund - principal | (145,000) | - | (145,000) | (140,000) | (5,000) |
| Transfer to cover food deficit | - | - | - | - | - |
| Total other financing sources/(uses) | <u>(689,213)</u> | <u>-</u> | <u>(689,213)</u> | <u>(689,212)</u> | <u>(1)</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 443,027 | 6,704 | 449,731 | 2,126,820 | (378,554) |
| Fund balances, beginning of year | <u>1,409,129</u> | <u>-</u> | <u>1,409,129</u> | <u>1,409,129</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 1,852,156</u> | <u>\$ 6,704</u> | <u>\$ 1,858,860</u> | <u>\$ 3,535,949</u> | <u>\$ (378,554)</u> |

**JERSEY CITY COMMUNITY CHARTER SCHOOL
Special Revenue Fund**

C-2

Budget Comparison Schedule

Year ended June 30, 2021

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--------------------------------------------------------|----------------------------|-----------------------------|-------------------------|---------------------|-----------------------------------------|
| Revenues | | | | | |
| Federal sources | \$ 1,381,940 | \$ - | \$ 1,381,940 | \$ 1,052,956 | \$ 328,984 |
| Local sources | 28,603 | | 28,603 | 24,752 | 3,851 |
| Total revenues -all sources | <u>\$ 1,381,940</u> | <u>\$ -</u> | <u>\$ 1,381,940</u> | <u>\$ 1,052,956</u> | <u>\$ 328,984</u> |
| Expenditures | | | | | |
| Current Expenditures: | | | | | |
| Instruction: | | | | | |
| Salaries of teachers | \$ 915,207 | \$ - | \$ 915,207 | \$ 533,207 | \$ 382,000 |
| Purchased Prof. and technical services | 26,000 | - | 26,000 | - | 26,000 |
| Other purchased services | - | - | - | - | - |
| General supplies | 198,652 | - | 198,652 | 268,380 | (69,728) |
| Miscellaneous expenditures | 1,528 | - | 1,528 | - | 1,528 |
| Total instruction | <u>1,141,387</u> | <u>-</u> | <u>1,141,387</u> | <u>801,587</u> | <u>339,800</u> |
| Support services | | | | | |
| Support services salaries | 47,767 | - | 47,767 | 14,550 | 33,217 |
| Employee benefits | 37,909 | - | 37,909 | 41,903 | (3,994) |
| Purchased professional services | 137,898 | - | 137,898 | 137,898 | - |
| Other purchased services | 2,848 | - | 2,848 | - | 2,848 |
| Supplies | 42,674 | - | 42,674 | 85,561 | (42,887) |
| Miscellaneous expenditures | 60 | - | 60 | 60 | - |
| Total support services | <u>269,156</u> | <u>-</u> | <u>269,156</u> | <u>279,972</u> | <u>(10,816)</u> |
| Capital Outlay: | | | | | |
| Facilities acquisition and construction services | | | | | |
| Instructional equipment | - | - | - | - | - |
| Noninstructional equipment | - | - | - | - | - |
| Construction services | - | - | - | - | - |
| Total facilities acquisition and construction services | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>\$ 1,410,543</u> | <u>\$ -</u> | <u>\$ 1,410,543</u> | <u>\$ 1,081,559</u> | <u>\$ 328,984</u> |

Notes to Required Supplementary Information

JERSEY CITY COMMUNITY CHARTER SCHOOL
Note to Required Supplementary Information
Budget to GAAP Reconciliation

C-3

Year ended June 30, 2021

| | | General Fund | Special Revenue Fund |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------|----------------------------|
| Sources/inflows of resources | | | |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule: | [C-1] [C-2] | \$ 9,873,304 | \$ 1,077,708 |
| Difference - budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | - | - |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds | [B-2] | \$ 9,873,304 | \$ 1,077,708 |
| Note 1 | | | |
| Uses/outflows of resources | | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | [C-1] [C-2] | \$ 7,057,272 | \$ 1,077,708 |
| 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] | \$ 7,057,272 | \$ 1,077,708 |

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

JERSEY CITY COMMUNITY CHARTER SCHOOL

L-1

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

| | Fiscal Year Ended June 30, | | | | | | |
|-------------------------------------------------------------------------------------------------------------------------------|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Charter School's proportion of the net pension liability (assets) | 0.0150870758% | 0.0146086364% | 0.0210909707% | 0.0197046999% | 0.0194647434% | 0.0215516047% | 0.0204915036% |
| Charter School's proportionate share of the net pension liability (assets) | 2,460,308 | 2,632,255 | 4,152,707 | 4,586,939 | 5,764,899 | 4,837,903 | 3,836,570 |
| Charter School's covered employee payroll | \$ 1,078,711 | \$ 1,175,734 | \$ 1,094,546 | \$ 1,211,121 | \$ 1,332,472 | \$ 1,532,250 | \$ 1,439,205 |
| Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll | 228.08% | 223.88% | 379.40% | 378.73% | 432.65% | 315.74% | 266.58% |
| Plan fiduciary net position as a percentage of the total pension liability - local | 58.32% | 53.60% | 53.60% | 36.78% | 31.20% | 38.21% | 40.71% |

Note

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

JERSEY CITY COMMUNITY CHARTER SCHOOL

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

| | Fiscal Year Ended June 30, | | | | | | |
|---------------------------------------------------------------------|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Contractually required contribution | \$ 173,434 | \$ 151,555 | \$ 209,787 | \$ 182,543 | \$ 298,126 | \$ 172,922 | \$ 168,929 |
| Contribution in relation to the contractually required contribution | (173,434) | (151,555) | (209,787) | (182,543) | (298,126) | (172,922) | (168,929) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Charter School's covered employee payroll | \$ 1,078,711 | \$ 1,094,546 | \$ 1,094,546 | \$ 1,211,121 | \$ 1,332,472 | \$ 1,532,250 | \$ 1,439,205 |
| Contributions as a percentage of covered employee payroll | 16.08% | 13.85% | 19.17% | 15.07% | 22.37% | 11.29% | 11.74% |

Note

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

JERSEY CITY COMMUNITY CHARTER SCHOOL

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

| | Fiscal Year Ended June 30, | | | | | | |
|---------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Charter School's proportion of the net pension liability (assets)** | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Charter School's proportionate share of the net pension liability (assets)** | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| State's proportionate share of the net pension liability (assets) associated with the Charter School | \$ 14,544,638 | \$ 12,506,541 | \$ 13,548,150 | \$ 16,833,090 | \$ 18,969,611 | \$ 14,907,880 | \$ 11,060,710 |
| Total | <u>\$ 14,544,638</u> | <u>\$ 12,506,541</u> | <u>\$ 13,548,150</u> | <u>\$ 16,833,090</u> | <u>\$ 18,969,611</u> | <u>\$ 14,907,880</u> | <u>\$ 11,060,710</u> |
| Charter School's covered employee payroll | \$ 2,212,489 | \$ 2,239,173 | \$ 2,239,173 | \$ 2,412,127 | \$ 2,737,247 | \$ 2,194,632 | \$ 1,954,170 * |
| Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll** | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Plan fiduciary net position as a percentage of the total pension liability | 24.60% | 26.95% | 25.41% | 22.33% | 28.71% | 33.64% | 33.76% |

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

JERSEY CITY COMMUNITY CHARTER SCHOOL

M-1

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

| | Fiscal Year Ending | | | |
|--------------------------------------------------------------------------------------------------|----------------------|---------------------|---------------------|---------------------|
| | 2020 | 2019 | 2018 | 2017 |
| Total OPEB Liability | | | | |
| Service cost | \$ 629,389 | \$ 716,211 | \$ 643,842 | \$ 773,102 |
| Interest cost | 239,524 | 273,073 | 289,102 | 243,956 |
| Differences in expected and actual experiences | 2,156,046 | (1,020,657) | (1,109,627) | - |
| Changes of assumptions | 2,043,558 | 94,049 | (738,217) | (1,205,472) |
| Member contributions | 5,903 | 5,740 | 5,945 | 6,409 |
| Gross benefit payments | (194,764) | (193,630) | (172,016) | (174,039) |
| Net change in total OPEB liability | 4,879,656 | (125,214) | (1,080,971) | (356,044) |
| Total OPEB liability - beginning | 6,307,766 | 6,432,980 | 7,513,951 | 7,869,995 |
| Total OPEB liability, ending | <u>\$ 11,187,422</u> | <u>\$ 6,307,766</u> | <u>\$ 6,432,980</u> | <u>\$ 7,513,951</u> |
| Covered employee payroll - PERS and TPAF | \$ 2,353,920 | \$ 2,105,520 | \$ 1,902,972 | \$ 1,890,176 |
| Total OPEB liability as a percentage of covered employee payroll | 475% | 300% | 338% | 398% |
| State's proportionate share of the net OPEB liability (asset) associated with the Charter School | 0.02% | 0.01% | 0.01% | 0.01% |

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to Required Supplementary Information
Year Ended June 30, 2021

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

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

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

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020.

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

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020.

Other Supplementary Information

School Level Schedules

Special Revenue Fund

**JERSEY CITY COMMUNITY CHARTER SCHOOL
Special Revenue Fund**

E-1

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

Year ended June 30, 2021

| | <u>Title IA Current Year 2020-2021</u> | <u>Title IA Prior Year 2019-2020</u> | <u>Title I Reallocated Current Year 2020-2021</u> | <u>Title I SIA Current Year 2020-2021</u> | <u>Title IA Current Year 2020-2021</u> | <u>Title III Current Year 2020-2021</u> | <u>Title III Prior Year 2019-2020</u> | <u>L.D.E.A., Basic Current Year 2020-2021</u> | <u>L.D.E.A., Preschool Current Year 2020-2021</u> | <u>CARES Emergency Fund 2020</u> | <u>Coronavirus Relief Fund 2020</u> | <u>Student Activity Fund</u> | <u>Total</u> |
|---------------------------------------------------------|------------------------------------------------|----------------------------------------------|---------------------------------------------------------------|---------------------------------------------------|------------------------------------------------|-------------------------------------------------|-----------------------------------------------|-------------------------------------------------------|---------------------------------------------------------------|------------------------------------------|---------------------------------------------|--------------------------------------|---------------------|
| Revenues | | | | | | | | | | | | | |
| Federal sources | \$ 506,753 | \$ 36,601 | \$ 15,723 | \$ 71,000 | \$ 18,601 | \$ 1,752 | \$ 1,615 | \$ 119,297 | \$ 3,284 | \$ 205,587 | \$ 72,743 | \$ - | \$ 1,052,956 |
| Local sources | - | - | - | - | - | - | - | - | - | - | - | 24,752 | 24,752 |
| Total revenues -all sources | <u>\$ 506,753</u> | <u>\$ 36,601</u> | <u>\$ 15,723</u> | <u>\$ 71,000</u> | <u>\$ 18,601</u> | <u>\$ 1,752</u> | <u>\$ 1,615</u> | <u>\$ 119,297</u> | <u>\$ 3,284</u> | <u>\$ 205,587</u> | <u>\$ 72,743</u> | <u>\$ 24,752</u> | <u>\$ 1,077,708</u> |
| Expenditures | | | | | | | | | | | | | |
| Instruction | | | | | | | | | | | | | |
| Salaries of teachers | \$ 434,207 | \$ 34,000 | \$ - | \$ 65,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 533,207 |
| Purchased Prof. and technical services | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other purchased services | - | - | - | - | - | - | - | - | - | - | - | - | - |
| General supplies | 37,757 | - | - | 1,028 | - | - | 1,615 | - | 3,284 | 151,953 | 72,743 | - | 268,380 |
| Miscellaneous expenditures | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total instruction | <u>471,964</u> | <u>34,000</u> | <u>-</u> | <u>66,028</u> | <u>-</u> | <u>-</u> | <u>1,615</u> | <u>-</u> | <u>3,284</u> | <u>151,953</u> | <u>72,743</u> | <u>-</u> | <u>801,587</u> |
| Support services | | | | | | | | | | | | | |
| Support services salaries | - | - | 14,550 | - | - | - | - | - | - | - | - | - | 14,550 |
| Employee benefits | 33,217 | 2,601 | 1,113 | 4,972 | - | - | - | - | - | - | - | - | 41,903 |
| Purchased professional services | - | - | - | - | 18,601 | - | - | 119,297 | - | - | - | - | 137,898 |
| Other purchased services | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Supplies | 1,572 | - | - | - | - | 1,752 | - | - | - | 53,634 | - | 28,603 | 85,561 |
| Miscellaneous expenditures | - | - | 60 | - | - | - | - | - | - | - | - | - | 60 |
| Total support services | <u>34,789</u> | <u>2,601</u> | <u>15,723</u> | <u>4,972</u> | <u>18,601</u> | <u>1,752</u> | <u>-</u> | <u>119,297</u> | <u>-</u> | <u>53,634</u> | <u>-</u> | <u>28,603</u> | <u>279,972</u> |
| Facilities acquisition and construction services | | | | | | | | | | | | | |
| Instructional equipment | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Noninstructional equipment | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Construction services | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total facilities acquisition and construction services | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>\$ 506,753</u> | <u>\$ 36,601</u> | <u>\$ 15,723</u> | <u>\$ 71,000</u> | <u>\$ 18,601</u> | <u>\$ 1,752</u> | <u>\$ 1,615</u> | <u>\$ 119,297</u> | <u>\$ 3,284</u> | <u>\$ 205,587</u> | <u>\$ 72,743</u> | <u>\$ 28,603</u> | <u>\$ 1,081,559</u> |

Capital Projects Fund

Enterprise Fund

JERSEY CITY COMMUNITY CHARTER SCHOOL
Enterprise Funds

G-1

Combining Statement of Net Position

June 30, 2021

| | <u>Food Services</u> | <u>After-Care Program</u> | <u>Total</u> |
|---------------------------|--------------------------|-------------------------------|-------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 258,930 | \$ - | \$ 258,930 |
| Accounts receivable: | - | - | - |
| Federal | 96,128 | - | 96,128 |
| State | - | - | - |
| Other current assets | 59,809 | - | 59,809 |
| Interfunds receivable | - | - | - |
| Total current assets | <u>\$ 414,867</u> | <u>\$ -</u> | <u>\$ 414,867</u> |
| | | | |
| Liabilities | | | |
| Current liabilities: | | | |
| Interfunds payable | \$ 473,065 | \$ (464,391) | \$ 8,674 |
| Accounts payable | 8,929 | - | 8,929 |
| Total current liabilities | <u>481,994</u> | <u>(464,391)</u> | <u>17,603</u> |
| | | | |
| Net position | | | |
| Unrestricted | (67,127) | 464,391 | 397,264 |
| Total net position | <u>\$ (67,127)</u> | <u>\$ 464,391</u> | <u>\$ 397,264</u> |

JERSEY CITY COMMUNITY CHARTER SCHOOL
Enterprise Fund

G-2

Combining Statement of Revenues, Expenditures and Changes in Net Position

Year ended June 30, 2021

| | Food Services | After School Programs | Total |
|----------------------------------------------------|------------------|--------------------------|------------|
| Operating revenues: | | | |
| Charges for services: | | | |
| Daily sales - reimbursable program | \$ - | \$ 69,138 | \$ 69,138 |
| Daily sales - non-reimbursable program | - | - | - |
| Miscellaneous revenue | - | - | - |
| Total Operating revenues | - | 69,138 | 69,138 |
| Operating expenses: | | | |
| Cost of sales - reimburseable program | 95,422 | - | 95,422 |
| Cost of sales - non-reimburseable program | - | - | - |
| Salaries | 59,025 | - | 59,025 |
| Employee benefits | - | - | - |
| Professional /technical service | - | 550 | 550 |
| Supplies and materials | - | - | - |
| Depreciation | - | - | - |
| Miscellaneous | - | 1,200 | 1,200 |
| Total operating expenses | 154,447 | 1,750 | 156,197 |
| Operating income/(loss) | (154,447) | 67,388 | (87,059) |
| Nonoperating revenues: | | | |
| State sources: | | | |
| State school lunch program | 24 | - | 24 |
| State school breakfast program | - | - | - |
| Federal sources: | | | |
| National school lunch program | 2,599 | - | 2,599 |
| National school breakfast program | 970 | - | 970 |
| After school snacks program | - | - | - |
| Healthy, Hunger-Free Kids Act | 30 | - | 30 |
| Summer Food Program | 153,807 | - | 153,807 |
| Total nonoperating revenues | 157,430 | - | 157,430 |
| Net income/(loss) before contributions & transfers | 2,983 | 67,388 | 70,371 |
| Other financing sources: | | | |
| Transfer in/(out) - board contribution | - | - | - |
| | - | - | - |
| Change in net position | 2,983 | 67,388 | 70,371 |
| Total net position-beginning of year | (70,110) | 397,003 | 326,893 |
| Total net position-end of year | \$ (67,127) | \$ 464,391 | \$ 397,264 |

JERSEY CITY COMMUNITY CHARTER SCHOOL
Enterprise Fund

G-3

Statement of Cash Flows

Year ended June 30, 2021

| | Food Services | After School Programs | Total |
|----------------------------------------------------------------------------------|------------------|--------------------------|-------------|
| Cash flows from operating activities | | | |
| Operating loss | \$ (154,447) | \$ 67,388 | \$ (87,059) |
| Adjustment to reconcile operating loss to net cash used in operating activities: | | | |
| Changes in assets and liabilities: | | | |
| Accounts receivable | (691) | - | (691) |
| Due to/from general fund | 154,976 | (67,388) | 87,588 |
| Accounts payable | 672 | - | 672 |
| Net cash used in operating activities | 510 | - | 510 |
| Cash flows from noncapital financing activities: | | | |
| Cash received from state reimbursements | 24 | - | 24 |
| Cash received from federal reimbursements | 157,406 | - | 157,406 |
| Transfers within fund | - | - | - |
| Operating subsidies and transfers from other funds | - | - | - |
| Net cash provided by noncapital financing activities | 157,430 | - | 157,430 |
| Cash flows from investing activities | | | |
| | - | - | - |
| Net change in cash and cash equivalents | 157,940 | - | 157,940 |
| Cash and cash equivalents, beginning | 100,990 | - | 100,990 |
| Cash and cash equivalents, ending | \$ 258,930 | \$ - | \$ 258,930 |

Fiduciary Fund
Not Applicable

Long Term Debt

**JERSEY CITY COMMUNITY CHARTER SCHOOL
Long-Term Debt
Schedule of Obligations Under Capital Leases**

I-2

Year ended June 30, 2021

NOT APPLICABLE

JERSEY CITY COMMUNITY CHARTER SCHOOL
Budgetary Comparison Schedule
Debt Service Fund

I-3

Year ended June 30, 2021

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive/(Negative) Final to Actual</u> |
|---------------------------------------------------------------|----------------------------|-----------------------------|-------------------------|-------------------|-------------------------------------------------------------|
| Revenues | | | | | |
| Interest earned on Debt Service Reserve | \$ - | \$ - | \$ - | \$ 10,508 | \$ 10,508 |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>10,508</u> | <u>10,508</u> |
| Expenditures | | | | | |
| Regular Debt Service: | | | | | |
| Interest | 551,213 | - | 551,213 | 549,212 | 2,001 |
| Redemption of Principal | 130,000 | - | 130,000 | 140,000 | (10,000) |
| Total expenditures | <u>681,213</u> | <u>-</u> | <u>681,213</u> | <u>689,212</u> | <u>(7,999)</u> |
| Excess/(deficiency) of revenues over/ (under) expenditures | <u>(681,213)</u> | <u>-</u> | <u>(681,213)</u> | <u>(678,704)</u> | <u>18,507</u> |
| Other financing sources: | | | | | |
| Operating transfers in - General Fund | 681,213 | - | 681,213 | 673,815 | 7,398 |
| Total other financing sources | <u>681,213</u> | <u>-</u> | <u>681,213</u> | <u>673,815</u> | <u>7,398</u> |
| Excess/(deficiency) of revenues over/ (under) expenditures | - | - | - | (4,889) | 25,905 |
| Fund balance, beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>848,360</u> | <u>848,360</u> |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 843,471</u> | <u>\$ 874,265</u> |

Statistical Section

**JERSEY CITY COMMUNITY CHARTER SCHOOL
STATISTICAL SECTION**

J SERIES

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the charter school's financial performance and wellbeing have changed over time.

Revenue Capacity (Not Applicable to Charter School)

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Charter School Performance Framework Financial Indicators

These schedules contain summary information for the past three (3) years that seek to present the Charter School's financial and sustainability indicators.

Sources:

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports (ACFR) the relevant year.

JERSEY CITY COMMUNITY CHARTER SCHOOL
County of Hudson New Jersey

J-1

NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---------------------------------------------------|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Governmental activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ (5,680,409) | \$ (6,512,089) | \$ (4,112,295) | \$ (3,490,807) | \$ (2,728,576) | \$ (1,742,398) | \$ (1,141,122) | \$ (837,201) | \$ (1,256,461) | \$ (557,323) |
| Restricted | 843,471 | 848,360 | 1,298,156 | 1,276,565 | 1,298,468 | - | - | - | - | - |
| Unrestricted | (2,312,700) | (3,744,512) | (7,104,293) | (7,185,499) | (7,221,848) | (5,354,604) | (4,937,945) | (570,806) | (20,898) | (117,694) |
| Total governmental activities net position | \$ (7,149,638) | \$ (9,408,241) | \$ (9,918,432) | \$ (9,399,741) | \$ (8,651,956) | \$ (7,097,002) | \$ (6,079,067) | \$ (1,408,007) | \$ (1,277,359) | \$ (675,017) |
| Business-type activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Unrestricted | 397,264 | 326,893 | 261,608 | 245,585 | 190,366 | 150,244 | 134,206 | 99,493 | 196,711 | 171,627 |
| Total business-type activities | \$ 397,264 | \$ 326,893 | \$ 261,608 | \$ 245,585 | \$ 190,366 | \$ 150,244 | \$ 134,206 | \$ 99,493 | \$ 196,711 | \$ 171,627 |
| School-wide | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ (5,680,409) | \$ (6,512,089) | \$ (4,112,295) | \$ (3,490,807) | \$ (2,728,576) | \$ (1,742,398) | \$ (1,141,122) | \$ (837,201) | \$ (1,256,461) | \$ (557,323) |
| Restricted | 843,471 | 848,360 | 1,298,156 | 1,276,565 | 1,298,468 | - | - | - | - | - |
| Unrestricted | (1,915,436) | (3,417,619) | (6,842,685) | (6,939,914) | (7,031,482) | (5,204,360) | (4,803,739) | (471,313) | 175,813 | 53,933 |
| Total charter school net position | \$ (6,752,374) | \$ (9,081,348) | \$ (9,656,824) | \$ (9,154,156) | \$ (8,461,590) | \$ (6,946,758) | \$ (5,944,861) | \$ (1,308,514) | \$ (1,080,648) | \$ (503,390) |

Source: Charter School's Records

JERSEY CITY COMMUNITY CHARTER SCHOOL
County of Hudson New Jersey

J-2

CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|-------------------------------------------------|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | \$ 3,327,075 | \$ 2,780,160 | \$ 4,874,791 | \$ 6,101,557 | \$ 5,821,060 | \$ 5,176,819 | \$ 5,045,477 | \$ 3,591,120 | \$ 3,348,940 | \$ 3,259,704 |
| Support services: | | | | | | | | | | |
| School administrative services | 2,367,643 | 2,871,362 | 1,906,612 | 1,637,789 | 1,731,044 | 1,605,747 | 1,065,018 | 1,626,820 | 1,357,540 | 1,357,540 |
| General administration | 1,587,263 | 1,300,911 | 1,354,679 | 1,260,480 | 1,262,794 | 1,225,493 | 1,609,992 | 2,145,177 | 2,466,486 | 1,874,220 |
| Plant operations and maintenance | 129,702 | 139,959 | - | - | 240,672 | - | - | - | - | - |
| Interest on long term debt | 549,212 | 551,213 | 587,043 | 593,293 | 572,882 | 557,947 | 578,727 | 659,419 | 789,594 | 767,599 |
| Unallocated depreciation | 716,543 | 720,367 | 738,749 | 855,859 | 835,607 | 811,111 | 790,141 | 794,693 | 779,357 | 792,955 |
| Total governmental activities expenses | <u>8,677,438</u> | <u>8,363,972</u> | <u>9,461,874</u> | <u>10,448,978</u> | <u>10,464,059</u> | <u>9,377,117</u> | <u>9,089,355</u> | <u>8,817,229</u> | <u>8,741,917</u> | <u>8,052,018</u> |
| Business-type activities: | | | | | | | | | | |
| Food service | 154,447 | 350,380 | 677,144 | 763,563 | 629,358 | 368,813 | 356,892 | 316,582 | 61,995 | 322,434 |
| Child Care | 1,750 | 34,625 | - | - | - | - | - | - | - | - |
| Total business-type activities expense | <u>156,197</u> | <u>385,005</u> | <u>677,144</u> | <u>763,563</u> | <u>629,358</u> | <u>368,813</u> | <u>356,892</u> | <u>316,582</u> | <u>61,995</u> | <u>322,434</u> |
| Total charter school expenses | <u>\$ 8,833,635</u> | <u>\$ 8,748,977</u> | <u>\$ 10,139,018</u> | <u>\$ 11,212,541</u> | <u>\$ 11,093,417</u> | <u>\$ 9,745,930</u> | <u>\$ 9,446,247</u> | <u>\$ 9,133,811</u> | <u>\$ 8,803,912</u> | <u>\$ 8,374,452</u> |
| Program revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Operating grants and contributions | \$ 1,081,559 | \$ 568,859 | \$ 2,295,989 | \$ 3,190,716 | \$ 2,414,005 | \$ 1,942,487 | \$ 1,678,122 | \$ 1,072,667 | \$ 1,199,676 | \$ 701,082 |
| Capital grants and contributions | - | - | - | - | - | - | - | - | - | - |
| Total governmental activities program revenues | <u>1,081,559</u> | <u>568,859</u> | <u>2,295,989</u> | <u>3,190,716</u> | <u>2,414,005</u> | <u>1,942,487</u> | <u>1,678,122</u> | <u>1,072,667</u> | <u>1,199,676</u> | <u>701,082</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Food service | - | 413 | 80,527 | 126,501 | 110,740 | 71,676 | 98,128 | 84,771 | 87,079 | 66,224 |
| Child care | 69,138 | 85,393 | - | - | - | - | - | - | - | - |
| Operating grants and contributions | 157,430 | 254,484 | 612,640 | 692,281 | 558,740 | 313,175 | 293,477 | 134,589 | - | 273,544 |
| Capital grants and contributions | - | - | - | - | - | - | - | - | - | - |
| Total business type activities program revenues | <u>226,568</u> | <u>340,290</u> | <u>693,167</u> | <u>818,782</u> | <u>669,480</u> | <u>384,851</u> | <u>391,605</u> | <u>219,360</u> | <u>87,079</u> | <u>339,768</u> |
| Total charter school program revenues | <u>\$ 1,308,127</u> | <u>\$ 909,149</u> | <u>\$ 2,989,156</u> | <u>\$ 4,009,498</u> | <u>\$ 3,083,485</u> | <u>\$ 2,327,338</u> | <u>\$ 2,069,727</u> | <u>\$ 1,292,027</u> | <u>\$ 1,286,755</u> | <u>\$ 1,040,850</u> |
| Net (expense)/revenue | | | | | | | | | | |
| Governmental activities | \$ (7,595,879) | \$ (7,795,113) | \$ (7,165,885) | \$ (7,258,262) | \$ (8,050,054) | \$ (7,434,630) | \$ (7,411,233) | \$ (7,744,562) | \$ (7,542,241) | \$ (7,350,936) |
| Business-type activities | 70,371 | (44,715) | 16,023 | 55,219 | 40,122 | 16,038 | 34,713 | (97,222) | 25,084 | 17,334 |
| Total charter school-wide net expense | <u>\$ (7,525,508)</u> | <u>\$ (7,839,828)</u> | <u>\$ (7,149,862)</u> | <u>\$ (7,203,043)</u> | <u>\$ (8,009,932)</u> | <u>\$ (7,418,592)</u> | <u>\$ (7,376,520)</u> | <u>\$ (7,841,784)</u> | <u>\$ (7,517,157)</u> | <u>\$ (7,333,602)</u> |

JERSEY CITY COMMUNITY CHARTER SCHOOL
County of Hudson New Jersey

J-2

CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|-----------------------------------------------------------|-----------------------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| General revenues and other changes in net position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes levied for general purposes, net | \$ 3,666,389 | \$ 2,360,737 | \$ 1,690,046 | \$ 1,597,932 | \$ 1,548,366 | \$ 1,629,969 | \$ 1,796,194 | \$ 1,748,273 | \$ 1,703,479 | \$ 1,645,889 |
| Grants and contributions | 6,185,736 | 5,682,964 | 4,765,049 | 4,952,501 | 4,843,424 | 4,686,535 | 5,089,674 | 5,103,788 | 5,529,002 | 5,380,813 |
| Miscellaneous income | 21,179 | 356,494 | 19,855 | 34,808 | 103,311 | 100,191 | 32,144 | 761,853 | 193,577 | 5,226 |
| Transfers | - | (110,000) | - | - | - | - | - | - | - | - |
| Total governmental activities | 9,873,304 | 8,290,195 | 6,474,950 | 6,585,241 | 6,495,101 | 6,416,695 | 6,918,012 | 7,613,914 | 7,426,058 | 7,031,928 |
| Business-type activities: | | | | | | | | | | |
| Transfers | - | 110,000 | - | - | - | - | - | - | - | - |
| Total business-type activities | - | 110,000 | - | - | - | - | - | - | - | - |
| Total charter school-wide | \$ 9,873,304 | \$ 8,400,195 | \$ 6,474,950 | \$ 6,585,241 | \$ 6,495,101 | \$ 6,416,695 | \$ 6,918,012 | \$ 7,613,914 | \$ 7,426,058 | \$ 7,031,928 |
| Change in net position | | | | | | | | | | |
| Governmental activities | \$ 2,277,425 | \$ 605,082 | \$ (690,935) | \$ (673,021) | \$ (1,554,953) | \$ (1,017,935) | \$ (493,221) | \$ (130,648) | \$ (116,183) | \$ (319,008) |
| Business-type activities | 70,371 | (44,715) | 16,023 | 55,219 | 40,122 | 16,038 | 34,713 | (97,222) | 25,084 | 17,334 |
| Total charter school | \$ 2,347,796 | \$ 560,367 | \$ (674,912) | \$ (617,802) | \$ (1,514,831) | \$ (1,001,897) | \$ (458,508) | \$ (227,870) | \$ (91,099) | \$ (301,674) |

Source: Charter School's Records

JERSEY CITY COMMUNITY CHARTER SCHOOL
County of Hudson New Jersey

J-3

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|------------------------------------|----------------------------|---------------------|---------------------|---------------------|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| General Fund | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ 1,019,300 | \$ 957,963 | \$ 945,990 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | 3,535,949 | 1,409,129 | 250,218 | 121,233 | 45,285 | 62,142 | 286,252 | 505,536 | 991,393 | 792,703 |
| Total general fund | <u>\$ 3,535,949</u> | <u>\$ 1,409,129</u> | <u>\$ 1,269,518</u> | <u>\$ 1,079,196</u> | <u>\$ 991,275</u> | <u>\$ 62,142</u> | <u>\$ 286,252</u> | <u>\$ 505,536</u> | <u>\$ 991,393</u> | <u>\$ 792,703</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue fund | - | - | - | - | - | - | - | - | - | - |
| Capital projects fund | - | - | - | - | - | - | - | - | - | - |
| Debt service fund | - | - | - | - | - | - | - | - | - | - |
| Permanent fund | - | - | - | - | - | - | - | - | - | - |
| Total all other governmental funds | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Source: Charter School's Records

JERSEY CITY COMMUNITY CHARTER SCHOOL
County of Hudson New Jersey

J-4

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

| Function | Fiscal Year Ended June 30, | | | | | | | | | |
|-----------------------------------------------------------|----------------------------|---------------------|-------------------|------------------|-------------------|---------------------|---------------------|---------------------|------------------|-------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Revenues | | | | | | | | | | |
| Local tax levy | \$ 3,666,389 | \$ 2,360,737 | \$ 1,690,046 | \$ 1,597,932 | \$ 1,548,366 | \$ 1,632,543 | \$ 1,796,194 | \$ 1,748,273 | \$ 1,703,479 | \$ 1,645,889 |
| Miscellaneous | 56,439 | 371,603 | 87,746 | 34,808 | 105,240 | 100,191 | 35,040 | 134,743 | 193,577 | 5,226 |
| State sources | 6,171,740 | 5,679,660 | 4,765,049 | 4,952,501 | 4,843,424 | 4,689,109 | 5,089,674 | 5,552,478 | 5,529,002 | 5,380,813 |
| Federal sources | 1,066,952 | 572,163 | 747,493 | 716,637 | 559,035 | 623,323 | 612,589 | 621,089 | 713,517 | 701,082 |
| Private sources | - | - | - | - | - | - | - | - | - | - |
| Total revenue | 10,961,520 | 8,984,163 | 7,290,334 | 7,301,878 | 7,056,065 | 7,045,166 | 7,533,497 | 8,056,583 | 8,139,575 | 7,733,010 |
| Expenditures | | | | | | | | | | |
| Instruction | 3,327,075 | 2,780,160 | 2,899,228 | 2,999,009 | 3,312,199 | 3,173,787 | 3,397,747 | 3,591,120 | 3,348,940 | 3,259,704 |
| Administration | 3,110,188 | 2,964,172 | 3,105,835 | 3,177,672 | 3,121,595 | 2,964,483 | 2,921,768 | 3,209,804 | 3,294,521 | 2,731,811 |
| Support Services | 1,716,965 | 1,440,870 | 326,064 | 328,452 | 328,623 | 354,261 | 368,319 | 363,502 | 529,505 | 499,949 |
| Capital Outlay | - | 19,777 | 86,172 | 24,861 | 289,059 | 38,745 | 30,635 | 218,592 | 93,991 | 191,849 |
| Debt Service | 689,212 | 681,213 | 682,713 | 683,963 | 571,044 | 735,426 | 578,727 | 659,419 | 789,594 | 767,599 |
| Total expenditures | 8,843,440 | 7,886,192 | 7,100,012 | 7,213,957 | 7,622,520 | 7,266,702 | 7,297,196 | 8,042,437 | 8,056,551 | 7,450,912 |
| Excess/(deficiency) of revenues over/(under) expenditures | 2,118,080 | 1,097,971 | 190,322 | 87,921 | (566,455) | (221,536) | 236,301 | 14,146 | 83,024 | 282,098 |
| Other Financing Sources/(Uses) | | | | | | | | | | |
| Bond/Loan Proceeds | - | - | - | - | - | - | - | - | - | - |
| Prior Years Disallowed Costs | - | - | - | - | - | - | - | - | - | - |
| Prior Year Accounts Payable Canceled | - | - | - | - | - | - | - | - | - | - |
| Long term debt | 689,212 | - | - | - | 1,495,588 | - | (455,585) | 5,870,000 | - | - |
| Transfers | (689,212) | - | - | - | - | - | - | (6,370,000) | - | - |
| | - | - | - | - | 1,495,588 | - | (455,585) | (500,000) | - | - |
| Net change in fund balances | \$ 2,118,080 | \$ 1,097,971 | \$ 190,322 | \$ 87,921 | \$ 929,133 | \$ (221,536) | \$ (219,284) | \$ (485,854) | \$ 83,024 | \$ 282,098 |
| Debt service as a percentage of noncapital expenditures | 7.79% | 8.66% | 9.73% | 9.51% | 7.79% | 10.17% | 7.96% | 8.43% | 9.92% | 10.57% |

Source: Charter School's Records

Note: Noncapital expenditures are total expenditures less capital outlay.

JERSEY CITY COMMUNITY CHARTER SCHOOL
County of Hudson New Jersey

J-5

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

| Function | Fiscal Year Ended June 30, | | | | | | | | | |
|----------------------------------|----------------------------|-------------------|------------------|------------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Fund raising | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 490 | \$ - | \$ - | \$ - | \$ - |
| Rent | - | - | - | - | - | - | - | - | - | - |
| Prior year's refunds | - | - | - | - | - | 3,324 | 955 | 2,189 | 12,277 | 32,367 |
| Class trip fees | - | - | - | - | - | 930 | 11,333 | 1,622 | 3,243 | - |
| Yearbook sales | - | - | - | - | - | 3,698 | 3,695 | 2,348 | 3,348 | - |
| Insurance reimbursements | - | - | - | - | - | 3,503 | - | - | 9,642 | - |
| Donations | - | - | - | - | - | 6,299 | 287 | 1,671 | 1,611 | - |
| Interest | - | - | - | - | 52 | 393 | 939 | - | - | - |
| Miscellaneous | 21,179 | 356,494 | 67,021 | 72,925 | 4,647 | 3,427 | 1,171 | 2,531 | 17,332 | 14,032 |
| | - | - | - | - | - | - | - | - | - | - |
| Total other local revenue | \$ 21,179 | \$ 356,494 | \$ 67,021 | \$ 72,925 | \$ 4,699 | \$ 22,064 | \$ 18,380 | \$ 10,361 | \$ 47,453 | \$ 46,399 |

Source: Charter School's Records

JERSEY CITY COMMUNITY CHARTER SCHOOL
County of Hudson New Jersey

J-10

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

| Fiscal Year Ended June 30, | Governmental Activities | | | | | Business-Type Activities | Total Charter School | Percentage of Personal Income ^a | Per Capita ^a |
|-------------------------------|------------------------------------------|----------------|--------------------------------------|-----------------|------------------|-----------------------------|----------------------|-----------------------------------------------|-------------------------|
| | General Obligation Bonds ^b | Capital Leases | Bond Anticipation Notes (BANs) | Long Term Loans | Short Term Loans | Capital Leases | | | |
| 2012 | \$ - | \$ - | \$ - | \$ 9,783,114 | \$ - | \$ - | \$ 9,783,114 | 0.08% | 207 |
| 2013 | - | - | - | 9,783,114 | - | - | 9,783,114 | 0.08% | 204 |
| 2014 | - | - | - | 9,737,100 | - | - | 9,737,100 | 0.07% | 191 |
| 2015 | - | - | - | 8,530,257 | - | - | 8,530,257 | 0.06% | 156 |
| 2016 | - | - | - | 8,074,672 | - | - | 8,074,672 | 0.05% | 144 |
| 2017 | - | - | - | 7,897,193 | - | - | 7,897,193 | 0.05% | 141 |
| 2018 | - | - | - | 10,225,000 | - | - | 10,225,000 | 0.07% | 183 |
| 2019 | - | - | - | 10,105,000 | - | - | 10,105,000 | 0.06% | 169 |
| 2020 | - | - | - | 9,850,000 | - | - | 9,850,000 | 0.06% | 165 |
| 2021 | - | - | - | 9,710,000 | - | - | 9,710,000 | 0.06% | 163 |

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
County of Hudson New Jersey

J-14

Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

| <u>Year</u> | <u>Population ^a</u> | <u>Personal Income ^b</u> | <u>County Per Capita Personal Income ^c</u> | <u>Unemployment Rate ^d</u> |
|-------------|--------------------------------|-------------------------------------|---------------------------------------------------------------|-------------------------------------------|
| 2012 | 258,703 | \$ 12,198,622,559 | \$ 47,153 | 11.10% |
| 2013 | 261,109 | 12,498,504,503 | 47,867 | 11.10% |
| 2014 | 264,009 | 13,479,243,504 | 51,056 | 11.50% |
| 2015 | 266,286 | 14,583,951,648 | 54,768 | 6.60% |
| 2016 | 267,446 | 14,973,231,756 | 55,986 | 6.60% |
| 2017 | 270,753 | 15,158,377,458 | 55,986 | 6.60% |
| 2018 | 270,753 | 15,158,377,458 | 55,986 | 4.70% |
| 2019 | 270,753 | 16,143,106,119 | 59,623 | 3.00% |
| 2020 | 270,753 | 16,143,106,119 | 59,623 | 3.00% |
| 2021 | 270,753 | 16,143,106,119 | 59,623 | 3.00% |

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Personal capital income by municipality estimated based upon the 2000 Cesus published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

JERSEY CITY COMMUNITY CHARTER SCHOOL
County of Hudson New Jersey

J-15

Principal Employers
Current Year
(Unaudited)

| <u>Employer</u> | 2021 | | |
|--------------------------------------|-------------------------|------------------------------------------------|------------------------------------------------------------------------------------------|
| | a | a | a |
| | <u>Employees</u> | <u>Rank</u> <u>[Optional]</u> | <u>Percentage of</u> <u>Total Municipal</u> <u>Employment</u> |
| HealthCare Staffing and Consulting | 2,000 | 1 | 1.67% |
| Deutsche Bank Trust Co., NJ Ltd | 1,833 | 2 | 1.53% |
| Insurance Service Office, Inc. | 1,217 | 3 | 1.01% |
| Fleet, NJ Company Development Corp. | 1,000 | 4 | 0.83% |
| Equiserve, Inc. | 850 | 5 | 0.71% |
| Provident Bank | 850 | 6 | 0.71% |
| Bon Secours NJ Health System, Inc. | 818 | 7 | 0.68% |
| JP Morgan Chase Bank | 600 | 8 | 0.50% |
| Port Authority Trans-Hudson, Inc. | 600 | 9 | 0.50% |
| Saint Francis Hospital, Inc. | 600 | 10 | 0.50% |
| National Discount Broker Group, Inc. | 568 | 11 | 0.47% |
| Lehman Commercial Paper, Inc. | 525 | 12 | 0.44% |
| US News World Report, LLC | 500 | 13 | 0.42% |
| Top Job Personnel, Inc. | 500 | 14 | 0.42% |
| | 12,461 | | 10.39% |

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
County of Hudson New Jersey

J-16

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

| <u>Function/Program</u> | <u>Fiscal Year Ended June 30,</u> | | | | | | | | | |
|---------------------------------------|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
| Instruction | | | | | | | | | | |
| Regular | 59 | 59 | 59 | 59 | 59 | 59 | 59 | 59 | 59 | 59 |
| Special education | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 2 |
| Other instruction | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Support Services: | | | | | | | | | | |
| General administration | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Administrative Information Technology | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Plant operations and maintenance | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Other support services | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 6 | 5 |
| Food Service | 5 | 5 | 5 | 5 | 7 | 4 | 5 | 5 | - | 5 |
| Total | <u>87</u> | <u>87</u> | <u>87</u> | <u>87</u> | <u>89</u> | <u>85</u> | <u>86</u> | <u>86</u> | <u>82</u> | <u>86</u> |

Source: Charter School Personnel Records

JERSEY CITY COMMUNITY CHARTER SCHOOL
County of Hudson New Jersey

J-17

Operating Statistics

**Last Ten Fiscal Years
(Unaudited)**

| Fiscal Year | Enrollment | Operating Expenditures ^a | Cost Per Pupil | Percentage Change | Teaching Staff ^b | Pupil/Teacher Ratio | | Average Daily Enrollment (ADE) ^c | Average Daily Attendance (ADA) ^c | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|------------|-------------------------------------|----------------|-------------------|-----------------------------|---------------------|------------|---------------------------------------------|---------------------------------------------|--------------------------------------|-------------------------------|
| | | | | | | Kindergarten | Elementary | | | | |
| 2012 | 580 | 6,729,220 | 11,602 | 6.81% | 56 | 1:11 | 1:11 | 594 | 564 | 0.00% | 94.95% |
| 2013 | 572 | 7,172,966 | 12,540 | 8.09% | 56 | 1:11 | 1:11 | 594 | 572 | 0.00% | 96.30% |
| 2014 | 581 | 7,231,998 | 12,448 | -0.74% | 56 | 1:11 | 1:11 | 579 | 572 | -2.53% | 98.79% |
| 2015 | 586 | 6,687,834 | 11,413 | -8.31% | 56 | 1:11 | 1:11 | 579 | 572 | 0.00% | 98.79% |
| 2016 | 571 | 7,091,927 | 12,420 | 8.83% | 56 | 1:11 | 1:11 | 571 | 548 | -1.38% | 95.97% |
| 2017 | 560 | 7,470,976 | 13,341 | 7.41% | 59 | 1:11 | 1:11 | 560 | 538 | -1.93% | 96.07% |
| 2018 | 574 | 7,204,885 | 12,552 | -5.91% | 59 | 1:11 | 1:11 | 574 | 551 | 2.50% | 95.99% |
| 2019 | 568 | 7,197,757 | 12,672 | 0.96% | 59 | 1:11 | 1:11 | 568 | 541 | -1.05% | 95.25% |
| 2020 | 580 | 7,866,415 | 13,563 | 7.03% | 63 | 1:11 | 1:11 | 580 | 551 | 2.11% | 95.00% |
| 2021 | 580 | 8,843,440 | 15,247 | 12.42% | 63 | 1:11 | 1:11 | 580 | 551 | 0.00% | 95.00% |

Sources: Charter School records

Note: Enrollment based on annual June Charter School count.

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
County of Hudson New Jersey

J-18

School Building Information
Last Ten Fiscal Years
(Unaudited)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---------------------|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Square Feet | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 |
| Capacity (students) | 594 | 594 | 594 | 594 | 594 | 594 | 594 | 594 | 594 | 594 |
| Enrollment | 580 | 580 | 568 | 574 | 560 | 571 | 586 | 581 | 572 | 580 |

Source: School Records

JERSEY CITY COMMUNITY CHARTER SCHOOL
County of Hudson New Jersey

J-19

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

| | |
|-------|---------------------|
| 2011 | \$ 408,886 |
| 2012 | 430,362 |
| 2013 | 396,677 |
| 2014 | 608,297 |
| 2015 | 451,999 |
| 2016 | 390,607 |
| 2017 | 395,509 |
| 2018 | 397,659 |
| 2019 | 392,844 |
| 2020 | 625,022 |
| 2021 | 645,592 |
| | - |
| Total | <u>\$ 5,143,454</u> |

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

Source: Charter School records

JERSEY CITY COMMUNITY CHARTER SCHOOL
County of Hudson New Jersey

J-20

Insurance Schedule

June 30, 2021
(Unaudited)

| | <u>Coverage</u> |
|----------------------------------------------------------|------------------------|
| Commercial property and general liability: | |
| Property: | |
| Blanket building and contents | \$ 500,000,000 |
| Electronic Data Processing | 125,000 |
| Boiler & Machinery, property damage and personal expense | 100,000,000 |
| Comprehensive General Liability: | |
| Bodily injury and property damage | 11,000,000 |
| Personal injury and advertising injury | 11,000,000 |
| Premises medical payments per each occurrence | 10,000 |
| Sexual abuse | 11,000,000 |
| Products | 11,000,000 |
| Workers Compensation: | |
| Excess liability - each accident | 3,000,000 |
| Excess liability - each employee | 3,000,000 |
| Excess liability - policy limit | 3,000,000 |
| Errors and Omissions: | |
| Coverage limit | 11,000,000 |
| Deductible per claim | 10,000 |
| Automobile Liability | 11,000,000 |

JERSEY CITY COMMUNITY CHARTER SCHOOL
County of Hudson New Jersey

J-21

Charter School Performance Framework Financial Indicators
New Term Indicators

June 30, 2021
(Unaudited)

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--------------------------------|-----------------------|-----------------------|-----------------------|
| Cash | \$ 3,774,753 | \$ 1,703,999 | \$ 2,464,302 |
| Current assets | 2,207,429 | 1,650,640 | 2,945,630 |
| Capital assets, net | 2,621,367 | 3,337,911 | 2,689,399 |
| Total assets | <u>8,603,549</u> | <u>6,692,550</u> | <u>8,099,331</u> |
| Current liabilities | 682,194 | 719,597 | 1,475,930 |
| Long term liabilities | 9,565,000 | 10,504,389 | 16,280,225 |
| Total liabilities | <u>10,247,194</u> | <u>11,223,986</u> | <u>17,756,155</u> |
| Net position | <u>\$ (1,643,645)</u> | <u>\$ (4,531,436)</u> | <u>\$ (9,656,824)</u> |
| Total revenue | \$ 11,191,939 | \$ 9,214,453 | \$ 9,531,997 |
| Total expenses | <u>(8,862,965)</u> | <u>(8,748,977)</u> | <u>(10,034,665)</u> |
| Change in net position | <u>\$ 2,328,974</u> | <u>\$ 465,476</u> | <u>\$ (502,668)</u> |
| Depreciation expense | \$ 716,543 | \$ 720,367 | \$ 738,749 |
| Interest expense | 549,212 | 551,213 | 587,043 |
| Principal payments | 140,000 | 130,000 | 125,000 |
| Interest payments | 549,212 | 551,213 | 560,838 |
| Final average daily enrollment | 580 | 580 | 568 |
| March 30th budgeted enrollment | 594 | 594 | 585 |

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>Three Year Cumulative</u> |
|------------------------------|-------------|-------------|-------------|----------------------------------|
| NEAR TERM INDICATORS: | | | | |
| Current ratio | 8.77 | 4.66 | 3.67 | 17.10 |
| Unrestricted days cash | 155.45 | 71.09 | 89.64 | 316.18 |
| Enrollment variance | 98% | 98% | 97% | 97% |
| Default | No | No | No | No |

Source: Charter School Records

JERSEY CITY COMMUNITY CHARTER SCHOOL
County of Hudson New Jersey

J-22

Charter School Performance Framework Financial Indicators
Sustainability Indicators

June 30, 2021
(Unaudited)

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--------------------------------|-----------------------|-----------------------|-----------------------|
| Cash | \$ 3,774,753 | \$ 1,703,999 | \$ 2,464,302 |
| Current assets | 2,207,429 | 1,650,640 | 2,945,630 |
| Capital assets, net | 2,621,367 | 3,337,911 | 2,689,399 |
| Total assets | <u>8,603,549</u> | <u>6,692,550</u> | <u>8,099,331</u> |
| Current liabilities | 682,194 | 719,597 | 1,475,930 |
| Long term liabilities | 9,565,000 | 10,504,389 | 16,280,225 |
| Total liabilities | <u>10,247,194</u> | <u>11,223,986</u> | <u>17,756,155</u> |
| Net position | <u>\$ (1,643,645)</u> | <u>\$ (4,531,436)</u> | <u>\$ (9,656,824)</u> |
| Total revenue | \$ 11,191,939 | \$ 9,214,453 | \$ 9,531,997 |
| Total expenses | (8,862,965) | (8,748,977) | (10,034,665) |
| Change in net position | <u>\$ 2,328,974</u> | <u>\$ 465,476</u> | <u>\$ (502,668)</u> |
| Depreciation expense | \$ 716,543 | \$ 720,367 | \$ 738,749 |
| Interest expense | 549,212 | 551,213 | 587,043 |
| Principal payments | 140,000 | 130,000 | 125,000 |
| Interest payments | 549,212 | 551,213 | 560,838 |
| Final average daily enrollment | 580 | 580 | 568 |
| March 30th budgeted enrollment | 594 | 594 | 585 |

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | Three Year Cumulative |
|-----------------------------------|--------------|--------------|-------------|----------------------------------|
| SUSTAINABILITY INDICATORS: | | | | |
| Total margin | 20.8% | 5.1% | -5.3% | 7.7% |
| Debt to asset | 1.11 | 1.57 | 2.01 | 1.68 |
| Cash flow | \$ 2,070,754 | \$ (760,303) | \$ 521,557 | \$ 1,832,008 |
| Debt service coverage ratio | 5.22 | 2.55 | 1.20 | 2.993 |

Source: Charter School Records

Single Audit Section

Olugbenga Olabintan

Certified Public Accountant/Consultant

137 Camden Street, Suite #3
Newark, NJ 07103

Tel: (201) 230-7518
Fax: (973) 368-8268
E-mail: oolabintan@aol.com

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 Chairperson and
Members of the Board of Trustees
Jersey City Community Charter School
County of Hudson
Jersey City, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jersey City Community Charter School, in the County of Hudson, State of New Jersey ("the Charter School"), as of and for the 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 15, 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.

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 weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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

Olugbenga Olabintan, CPA

January 15, 2022
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant



Olugbenga Olabintan, CPA
Licensed Public School Accountant
No. 20CS00230200

Olugbenga Olabintan

Certified Public Accountant/Consultant

137 Camden Street, Suite #3
Newark, NJ 07103

Tel: (201) 230-7518
Fax: (973) 368-8268
E-mail: oolabintan@aol.com

K-2

Independent Auditors' Report on Compliance for Each Major Federal and State Program and Report on Internal Control over Compliance Required by the Uniform Guidance and *State of New Jersey Department of Treasury Circular 15-08-OMB*

The Honorable Chairperson and
Members of the Board of Trustees
Jersey City Community Charter School
County of Hudson,
Jersey City, New Jersey

Compliance

We have audited Jersey City Community Charter School, in the County of Hudson, State of New Jersey ("the Charter School") compliance with the types of requirements described in the OMB Compliance Supplements and *State of New Jersey Department of Treasury Circular 15-08-OMB Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal and state programs for the year ended June 30, 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.

Auditors' 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; *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey Department of the Treasury Circular Letter 15-08 OMB *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

Those standards, the Uniform Guidance, State of New Jersey Department of Treasury Circular 15-08-OMB and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the 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 for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and State of New Jersey Department of Treasury Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over compliance.

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

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

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 Uniform Guidance, State of New Jersey Department of Treasury Circular 15-08-OMB and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*. Accordingly, this report is not suitable for any other purpose.

Olugbenga Olabintan, CPA

January 15, 2022
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant

A handwritten signature in black ink, appearing to read 'Olugbenga Olabintan', with a horizontal line underneath it.

Olugbenga Olabintan, CPA
Licensed Public School Accountant
No. 20CS00230200

JERSEY CITY COMMUNITY CHARTER SCHOOL

Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

| Federal Grant/ Pass-Through Grantor/ Program Title | Assistance Listing (AL) Number | Federal Award Identification Number | Grant Period | Award Amount | (Accounts Receivable) at June 30, 2020 | Deferred Revenue at June 30, 2020 | Due to Grantor at June 30, 2020 | Adjustments | Carryover (Walkover) Amount | Cash Received | Budgetary Expenditures | Repayment of Prior Years' Balances | (Accounts Receivable) at June 30, 2021 | Deferred Revenue at June 30, 2021 | Due to Grantor at June 30, 2021 |
|--------------------------------------------------------------------------|--------------------------------------|----------------------------------------------|-----------------|-----------------|-------------------------------------------------|--------------------------------------------|------------------------------------------|-------------|-----------------------------------|------------------|---------------------------|---------------------------------------------|-------------------------------------------------|--------------------------------------------|------------------------------------------|
| General Fund: | | | | | | | | | | | | | | | |
| U.S. Department of Health and Human Services | | | | | | | | | | | | | | | |
| Passed-Through State Department of Education | | | | | | | | | | | | | | | |
| Special Education Medicaid Initiative - SEMI | 93.778 | 2005N5MAP | 7/1/20-6/30/21 | \$ 13,996 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 13,996 | \$ (13,996) | \$ - | \$ - | \$ - | \$ - |
| Total General Fund/U.S. Department of Health & Human Services | | | | | - | - | - | - | - | 13,996 | (13,996) | - | - | - | - |
| Special Revenue Fund: | | | | | | | | | | | | | | | |
| U.S. Department of Education: | | | | | | | | | | | | | | | |
| Passed-Through State Department of Education | | | | | | | | | | | | | | | |
| Title I Part A - FY 2020-2021 | 84.010A | S010A200030 | 7/1/20-9/30/21 | 566,314 | - | - | - | - | - | - | (506,753) | - | (506,753) | - | - |
| Title I Reallocated - FY 2020-2021 | 84.010A | S010A200030 | 7/1/20-9/30/21 | 15,723 | - | - | - | - | - | 15,723 | (15,723) | - | - | - | - |
| Title I SIA - FY 2020-2021 | 84.010A | S010A200030 | 7/1/20-9/30/21 | 79,900 | - | - | - | - | - | 70,917 | (71,000) | - | (83) | - | - |
| Title II A - FY 2020-2021 | 84.367A | S367A200029 | 7/1/20-9/30/21 | 18,601 | - | - | - | - | - | - | (18,601) | - | (18,601) | - | - |
| Title III - FY 2020-2021 | 84.365 | S365A200030 | 7/1/20-9/30/21 | 1,752 | - | - | - | - | - | - | (1,752) | - | (1,752) | - | - |
| IDEA Part B - FY 2020-2021 | 84.027 | H027A200100 | 7/1/20-9/30/21 | 119,297 | - | - | - | - | - | 119,297 | (119,297) | - | - | - | - |
| IDEA Preschool - FY 2020-2021 | 84.173 | H173A200114 | 7/1/20-9/30/21 | 3,284 | - | - | - | - | - | - | (3,284) | - | (3,284) | - | - |
| CARES Emergency Relief Grant | 84.425D | S425D200027 | 3/13/20-9/30/22 | 356,020 | - | - | - | - | - | 121,315 | (205,587) | - | (84,272) | - | - |
| Total for U.S. Department of Education, Pass-Through Programs | | | | | (138,514) | - | - | - | - | 503,982 | (980,213) | - | (614,745) | - | - |
| U.S. Department of Treasury, Pass-Through Program: | | | | | | | | | | | | | | | |
| Passed Through New Jersey Department of Education | | | | | | | | | | | | | | | |
| Coronavirus Relief Fund Grant | 21.019 | SL70228 | 9/1/20-12/31/20 | 72,743 | - | - | - | - | - | 72,743 | (72,743) | - | - | - | - |
| Total for U.S. Department of Treasury, Pass-Through Program | | | | | - | - | - | - | - | 72,743 | (72,743) | - | - | - | - |
| Total Special Revenue/U.S. Department of Education | | | | | 1,736,460 | (138,514) | - | - | - | 576,725 | (1,052,956) | - | (614,745) | - | - |
| Enterprise Fund: | | | | | | | | | | | | | | | |
| U.S. Department of Agriculture | | | | | | | | | | | | | | | |
| Passed-Through New Jersey Dept of Agriculture | | | | | | | | | | | | | | | |
| National school lunch program | 10.555 | 211NJ304N1099 | 7/1/20-6/30/21 | 2,599 | - | - | - | - | - | 2,599 | (2,599) | - | - | - | - |
| National school lunch program | 10.555 | 201NJ304N1099 | 7/1/19-6/30/20 | 188,359 | (6,414) | - | - | - | - | 6,414 | - | - | - | - | - |
| National school lunch program | 10.555 | 191NJ304N1099 | 7/1/18-6/30/19 | 403,298 | (83,409) | - | - | - | - | - | - | - | (83,409) | - | - |
| Healthy, Hunger-Free Kids Act | 10.555 | 211NJ304N1099 | 7/1/20-6/30/21 | 30 | - | - | - | - | - | 30 | (30) | - | - | - | - |
| Healthy, Hunger-Free Kids Act | 10.555 | 201NJ304N1099 | 7/1/19-6/30/20 | 4,342 | (131) | - | - | - | - | 131 | - | - | - | - | - |
| Subtotal CFDA # 10.555 | | | | 598,628 | (89,954) | - | - | - | - | 9,174 | (2,629) | - | (83,409) | - | - |
| National School breakfast program | 10.553 | 211NJ304N1099 | 7/1/20-6/30/21 | 970 | - | - | - | - | - | 970 | (970) | - | - | - | - |
| National School breakfast program | 10.553 | 201NJ304N1099 | 7/1/19-6/30/20 | 58,409 | (4,114) | - | - | - | - | 4,114 | - | - | - | - | - |
| Subtotal CFDA # 10.553 | | | | 59,379 | (4,114) | - | - | - | - | 5,084 | (970) | - | - | - | - |
| Summer Food Service Program for Children | 10.559 | 211NJ304N1099 | 7/1/20-6/30/21 | 153,807 | - | - | - | - | - | 141,088 | (153,807) | - | (12,719) | - | - |
| Subtotal CFDA # 10.559 | | | | 153,807 | - | - | - | - | - | 141,088 | (153,807) | - | (12,719) | - | - |
| Total Enterprise Fund/U.S. Department of Agriculture | | | | 811,814 | (94,068) | - | - | - | - | 155,346 | (157,406) | - | (96,128) | - | - |
| Total | | | | \$ (232,582) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 746,067 | \$ - | \$ (710,873) | \$ - | \$ - | \$ - |
| Total Expenditures of Federal Awards | | | | | | | | | | | (1,224,358) | | | | |

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

JERSEY CITY COMMUNITY CHARTER SCHOOL

Schedule of Expenditures of State Awards

Year ended June 30, 2021

| State Grantor/Program Title | Grant or State Project Number | Grant Period | Award Amount | (Accounts Receivable) at June 30, 2020 | Deferred Revenue at June 30, 2020 | Due to Grantor at June 30, 2020 | Adjustments | Carryover (Walkover) Amount | Cash Received | Budgetary Expenditures | Repayment of Prior Years' Balances | (Accounts Receivable) at June 30, 2021 | Deferred Revenue at June 30, 2021 | Due to Grantor at June 30, 2021 |
|---------------------------------------------------------------------------------|-------------------------------|----------------|--------------|----------------------------------------|-----------------------------------|---------------------------------|-------------|-----------------------------|---------------------|------------------------|------------------------------------|----------------------------------------|-----------------------------------|---------------------------------|
| State Department of Education | | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | | |
| Equalization Aid | 21-495-034-5121-078 | 7/1/20-6/30/21 | \$ 8,337,828 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 8,488,898 | \$ (8,337,828) | - | \$ (85,572) | \$ - | \$ 65,498 |
| Equalization Aid | 20-495-034-5121-078 | 7/1/18-6/30/19 | 6,753,071 | - | - | 51,448 | - | - | - | - | (51,448) | - | - | - |
| Special Education Aid | 21-495-034-5121-089 | 7/1/20-6/30/21 | 150,790 | - | - | - | - | - | 150,790 | (150,790) | - | - | - | - |
| Security Aid | 21-495-034-5121-084 | 7/1/20-6/30/21 | 297,233 | - | - | - | - | - | 297,233 | (297,233) | - | - | - | - |
| TPAF/FICA Reimbursements | 21-495-034-5094-003 | 7/1/20-6/30/21 | 175,907 | - | - | - | - | - | 167,981 | (175,907) | - | (7,926) | - | - |
| TPAF/FICA Reimbursements | 20-495-034-5094-003 | 7/1/18-6/30/19 | 179,977 | (7,229) | - | - | - | - | 7,229 | - | - | - | - | - |
| On-Behalf TPAF Post Retirement Medical Contribution | 21-495-034-5094-001 | 7/1/20-6/30/21 | 208,953 | - | - | - | - | - | 208,953 | (208,953) | - | - | - | - |
| On-Behalf TPAF Pension Contribution - Normal & NCGI | 21-495-034-5094-002 | 7/1/20-6/30/21 | 666,762 | - | - | - | - | - | 666,762 | (666,762) | - | - | - | - |
| On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance | 21-495-034-5094-004 | 7/1/20-6/30/21 | 656 | - | - | - | - | - | 656 | (656) | - | - | - | - |
| Total General Fund/State Department of Education | | | | <u>(7,229)</u> | <u>-</u> | <u>51,448</u> | <u>-</u> | <u>-</u> | <u>9,988,502</u> | <u>(9,838,129)</u> | <u>(51,448)</u> | <u>(93,498)</u> | <u>-</u> | <u>65,498</u> |
| State Department of Agriculture | | | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | | | |
| State school lunch program | 21-100-010-3350-023 | 7/1/20-6/30/21 | 24 | - | - | - | - | - | 24 | (24) | - | - | - | - |
| State school lunch program | 20-100-010-3350-023 | 7/1/19-6/30/20 | 3,374 | (103) | - | - | - | - | 103 | - | - | - | - | - |
| State school lunch program | 19-100-010-3350-023 | 7/1/18-6/30/19 | 9,583 | (1,266) | - | - | - | - | 1,266 | - | - | - | - | - |
| Total Enterprise Fund/State Department of Agriculture | | | | <u>(1,369)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,393</u> | <u>(24)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total State Financial Assistance | | | | <u>\$ (8,598)</u> | <u>\$ -</u> | <u>\$ 51,448</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 9,989,895</u> | <u>(9,838,153)</u> | <u>\$ (51,448)</u> | <u>\$ (93,498)</u> | <u>\$ -</u> | <u>\$ 65,498</u> |
| Less Amounts Not Subject to Single Audit: | | | | | | | | | | | | | | |
| On-Behalf TPAF Post Retirement Medical Contribution | 21-495-034-5094-001 | | | | | | | | | 208,953 | | | | |
| On-Behalf TPAF Pension Contribution - Normal & NCGI | 21-495-034-5094-002 | | | | | | | | | 666,762 | | | | |
| On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance | 21-495-034-5094-004 | | | | | | | | | 656 | | | | |
| Total Expenditures of State Financial Assistance Subject to Single Audit | | | | | | | | | | <u>\$ (8,961,782)</u> | | | | |

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2021

1. General

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all expenditures of federal awards and state financial assistance of the Charter School. All federal 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 expenditures of federal awards and state financial assistance.

2. Basis of Accounting

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Charter School's basic financial statements. The information in these schedules is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the provisions of New Jersey Department of the Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the Charter School's basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements and schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the fiscal year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or expenditures have been made. The general fund is presented in the accompanying schedules on the modified accrual basis. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to GAAP basis is \$-0- for the general fund and \$-0- for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3).

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2021

3. Relationship to Basic Financial Statements - *continued*

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

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|----------------------|---------------------|---------------------|----------------------|
| General Fund | \$ 13,996 | \$ 9,838,129 | \$ 9,852,125 |
| Special Revenue Fund | 1,052,956 | - | 1,052,956 |
| Enterprise Fund | 157,406 | 24 | 157,430 |
| Total | <u>\$ 1,224,358</u> | <u>\$ 9,838,153</u> | <u>\$ 11,062,511</u> |

4. Relationship to Federal and State Financial Reports

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

5. Other Information

TPAF Social Security contribution in the amount of \$175,907 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2021. The amount reported as TPAF pension representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium Contributions in the amount of \$876,371 represents the amount paid by the State on behalf of the Charter School for the fiscal year ended June 30, 2021.

6. On Behalf Programs Not Subject to State Single Audit

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

7. De Minimis Indirect Cost

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Part I - Summary of Auditors' Results

Financial Statements Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? _____ Yes No

Significant deficiencies identified? _____ Yes None reported

Noncompliance material to financial statements noted? _____ Yes No

Federal Awards:

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

Internal control over major programs:

Material weaknesses identified? _____ Yes No

Significant deficiencies identified? _____ Yes None reported

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

Identification of major programs:

Assistance Listing

| <u>Number(s)</u> | <u>FAIN Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|------------------|-----------------------|--------------------------------------------|
| 84.010A | S010A200030 | Title I, Part A, Title I Reallocated & SIA |
| 84,425D | S425D200027 | CARES Emergency Relief Grant |
| 21.019 | SLT0228 | Coronavirus Relief Fund Grant |
| 10.559 | 211NJ304N1099 | Summer Food Program |

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

Auditee qualifies as low-risk auditee? yes _____ No

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Part I Summary of Auditors' Results

State Financial Assistance Section

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

Auditee qualifies as low-risk auditee? yes No

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

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(cies) identified that are not
 Considered to be material weaknesses? Yes None reported

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

Identification of Major Programs:

| <u>State Grant/Program Number(s)</u> | <u>Name of State Program or Cluster</u> |
|--------------------------------------|-----------------------------------------|
| 21-495-034-5120-078 | Equalization Aid |
| 21-495-034-5120-089 | Special Education Aid |
| 21-495-034-5120-084 | Security Aid |
| 21-495-034-5120-085 | State Adjustment Aid |

JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Part II – Schedule of Financial Statement Findings

NONE

**JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021**

Part III –Federal Awards Findings and Questioned Cost

NONE

Part III – State Financial Assistance Findings and Questioned Cost

NONE

**JERSEY CITY COMMUNITY CHARTER SCHOOL
(County of Hudson)
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2021**

There were no prior year's audit findings.