

THOMAS EDISON ENERGYSMART CHARTER SCHOOL

***ANNUAL COMPREHENSIVE
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2022

THOMAS EDISON ENERGYSMART CHARTER SCHOOL

***Thomas Edison EnergySmart Charter School
Board of Trustees
Somerset, New Jersey***

***Annual Comprehensive Financial Report
For The Fiscal Year Ended June 30, 2022***

***ANNUAL COMPREHENSIVE
FINANCIAL REPORT
OF THE
THOMAS EDISON ENERGYSMART CHARTER SCHOOL
SOMERSET, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022***

Prepared by

***Thomas Edison EnergySmart Charter School
Finance Department***

And

Barre & Company LLC, CPAs

STATE BOARD OF EDUCATION

KATHY A. GOLDENBERG..... Burlington
President

ANDREW J. MULVIHILL..... Sussex
Vice President

ARCELIO APONTE..... Middlesex

MARY BETH BERRY..... Hunterdon

ELAINE BOBROVE..... Camden

FATIMAH BURNAM-WATKINS..... Union

RONALD K. BUTCHER..... Gloucester

JACK FORNARO..... Warren

MARY ELIZABETH GAZI..... Somerset

NEDD JAMES JOHNSON, ED.D..... Salem

ERNEST P. LEPORE..... Hudson

JOSEPH RICCA, JR., ED D..... Morris

SYLVIA SYLVIA-CIOFFI..... Monmouth

Angelica Allen-McMillan, Ed.D, Acting Commissioner
Secretary, State Board of Education

**THOMAS EDISON ENERGYSMART CHARTER SCHOOL
TABLE OF CONTENTS**

	Page
INTRODUCTORY SECTION	1
Letter of Transmittal.....	2
Organizational Chart.....	6
Roster of Officials	7
Consultants and Advisors	8
FINANCIAL SECTION.....	9
Independent Auditor's Report	10
REQUIRED SUPPLEMENTARY INFORMATION – PART I	14
Management's Discussion and Analysis.....	15
BASIC FINANCIAL STATEMENTS.....	21
SECTION A – CHATER SCHOOL-WIDE FINANCIAL STATEMENTS.....	22
A-1 Statement of Net Position	23
A-2 Statement of Activities	24
SECTION B – FUND FINANCIAL STATEMENTS	25
GOVERNMENTAL FUNDS	26
B-1 Balance Sheet.....	27
B-2 Statement of Revenues, Expenditures and Changes in Fund Balance....	28
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.	29
PROPRIETARY FUNDS	30
B-4 Statement of Fund Net Position	31
B-5 & B5a Statement of Revenues, Expenses, and Changes in Net Position	32
B-6 Statement of Cash Flows	33
FIDUCIARY FUNDS	34
B-7 Statement of Fiduciary Net Position.....	N/A
B-8 Statement of Changes in Fiduciary Net Position.....	N/A
NOTES TO THE FINANCIAL STATEMENTS	35
REQUIRED SUPPLEMENTARY INFORMATION – PART II	77

**THOMAS EDISON ENERGYSMART CHARTER SCHOOL
TABLE OF CONTENTS**

	Page
SECTION C – BUDGETARY COMPARISON SCHEDULES	78
C-1 Budgetary Comparison Schedule – General Fund.....	79
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual.....	N/A
C-1b Community Development Block Grant - Budget to Actual.....	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	81
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION.....	82
C-3 Budgetary Comparison Schedule – Budget-to-GAAP Reconciliation.....	83
REQUIRED SUPPLEMENTARY INFORMATION – PART III	84
SCHEDULE L - SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)	85
L-1 Schedules of the District’s Proportionate Share of the Net Pension Liability - PERS.....	86
L-2 Schedules of District Contributions - PERS	87
L-3 Schedules of the District’s Proportionate Share of the Net Pension Liability - TPAF	88
SECTION M – SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OPEB (GASB 75).....	89
M-1 Schedule of the Total OPEB Liability and Related Ratios.....	90
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION III.....	91
OTHER SUPPLEMENTARY INFORMATION	94
SECTION E – SPECIAL REVENUE FUND	95
E-1 Combining Schedule of Revenues and Expenditures – Budgetary Basis	96
SECTION G – PROPRIETARY FUNDS	97
SECTION H – FIDUCIARY FUNDS	98
H-1 Combining Statement of Fiduciary Net Position.....	N/A
H-2 Statement of Changes in Fiduciary Net Position.....	N/A
H-3 Student Activity Fund – Schedule of Receipts and Disbursements.....	N/A
H-4 Payroll Agency Fund – Schedule of Receipts and Disbursements	N/A

**THOMAS EDISON ENERGYSMART CHARTER SCHOOL
TABLE OF CONTENTS**

	Page
SECTION I – LONG-TERM DEBT SCHEDULE	N/A
I-1 Schedule of Serial Bonds.....	N/A
I-2 Schedule of Obligations under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule.....	N/A
STATISTICAL SECTION (UNAUDITED).....	99
INTRODUCTION TO THE STATISTICAL SECTION.....	100
FINANCIAL TRENDS	101
J-1 Net Assets/Position by Component.....	102
J-2 Changes in Net Assets/Position.....	103
J-3 Fund Balances-Governmental Funds	104
J-4 Changes in Fund Balances, Governmental Funds.....	105
J-5 General Fund Other Local Revenue by Source (NJ)	106
OPERATING INFORMATION.....	107
J-16 Full-time Equivalent Charter School Employees by Function/Program..	108
J-17 Operating Statistics.....	109
J-18 School Building Information	110
J-20 Insurance Schedule (NJ).....	111
J-21 Charter School Performance Framework, Financial Performance, Fiscal Ratios.....	112

** Private citizens should be listed as Individual Taxpayer 1, Individual Tax Payer 2, etc.

**THOMAS EDISON ENERGYSMART CHARTER SCHOOL
TABLE OF CONTENTS**

	Page
<i>SINGLE AUDIT SECTION</i>	113
K-1 Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based On an Audit of Financial Statement Performed In Accordance With Government Auditing Standards	114
K-2 Independent Auditor's Report on Compliance for each Major Federal and State program and report on Internal Control over compliance in accordance with New Jersey Circular 15-08 OMB and Uniform Guidance.....	116
K-3 Schedule of Expenditures of Federal Awards – Schedule A.....	120
K-4 Schedule of Awards of State Financial Assistance – Schedule B.....	121
K-5 Notes to Schedules of Expenditures of Awards and Financial Assistance.....	122
K-6 Schedule of Findings and Questioned Costs	125
o Section I - Summary of Auditor's Results	
o Section II - Financial Statement Findings	
o .. Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs	
K-7 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management.....	128

INTRODUCTORY SECTION



150 Pierce St., 2nd Floor
Somerset, NJ 08873
Ph: (732) 412-7643
Fax: (732) 412-7645
Email: info@energysmartschool.org

February 10, 2023

Honorable President and
Members of the Board of Trustees
Thomas Edison EnergySmart Charter School
County of Somerset
Somerset, New Jersey

Dear Board Members:

The Annual Comprehensive Financial Report (ACFR) of Thomas Edison EnergySmart Charter School (Charter School) for the fiscal year ended June 30, 2022 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

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

- The Introductory Section contains a Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;
- The Single Audit Section — The Charter School is required to undergo an annual single audit in conformity with the provisions of the Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and 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 independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

Charter School Organization

An elected six-member Board of Education (the “Board”) serves as the policy maker for the Charter School. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of Charter School tax money.

The Chief Education Officer is the chief executive officer of the Charter School, responsible to the Board for total educational and support operations. The Financial Coordinator is the chief financial officer of the Charter School, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the Charter School, acting as custodian of all Charter School funds, and investing idle funds as permitted by New Jersey law.

1. REPORTING ENTITY AND ITS SERVICES: Thomas Edison EnergySmart Charter School is an independent reporting entity within the criteria adopted by the Government Auditing Standards Board (GASB) as established by Statement No. 14, as amended. All funds of the Charter School are included in this report. Thomas Edison EnergySmart Charter School Board of Trustees constitutes the Charter School’s reporting entity.

Thomas Edison EnergySmart Charter School was granted its charter to operate their charter school during the 2010-2011 academic year, but could not open its doors until September, 2012, for their first school year, due to building issues. Thomas Edison EnergySmart Charter School began its school with grades Kindergarten through Grade 4 for its initial year, and it added a new grade each year up to the 12th Grade.

For the 2021-2022 school year, Thomas Edison EnergySmart Charter School provided a full range of services appropriate to Grades Kindergarten through 12. These services include regular, as well as special education and basic skills instruction. The Charter School completed the 2021-2022 school year with an enrollment of 598 students. The following details the student enrollment of the Charter School.

Average Daily Enrollment (ADE)

<u>Fiscal Year</u>	<u>Actual Student Enrollment</u>	<u>Percent Change - ADE</u>
2021-2022	598	1.70%
2020-2021	588	6.14%
2019-2020	554	8.84%
2018-2019	509	8.07%
2017-2018	471	10.82%

2. MISSION AND GOALS: TEECS’ mission is to offer a safe, structured, and stimulating educational environment for students to develop the academic, technical, financial, critical thinking, and social-emotional skills that will enable them to meet the standards and succeed in a sustainable future predicated on knowledge and innovations in renewable energy and beyond within a green global community. The school’s specific goals are to make its students aware of the green renewable resources and the hazards of global warming.

MISSION AND GOALS (CONTINUED)

Students are exposed to well-designed common core aligned curriculum. Teacher's 21st century skills and technology to make learning interactive, interesting and engaging for all students. Thomas Edison EnergySmart Charter School also offers after school activities like drama clubs, robotics, I-Pad classes, and similar opportunities to facilitate the well-rounded development of its students.

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

- (1) the cost of a control should not exceed the benefits likely to be derived;
- (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assignments of fund balance at June 30, 2022.

5. CASH MANAGEMENT: The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to Basic Financial Statement" Note 2. The Charter School had adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey.

The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

6. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, directors and officers insurance and workmen's compensation.

7. **OTHER INFORMATION:**

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, LLC, Certified Public Accountants, was selected by the Board of Trustees. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors' reports, related specifically to the single audit, are included in the single audit section of this report.

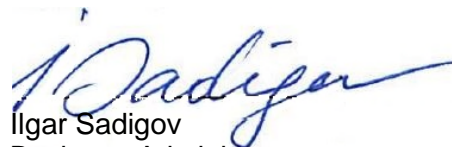
The auditor's responsibility is to express an opinion on compliance for each of the Charter School's major state programs based on their audit of the types of compliance requirements referred to above.

8. **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of Thomas Edison EnergySmart Charter School Board of Trustees for their concerns in providing fiscal accountability to the citizens and taxpayers of the participating Charter School and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our business office staff.

Respectfully submitted,



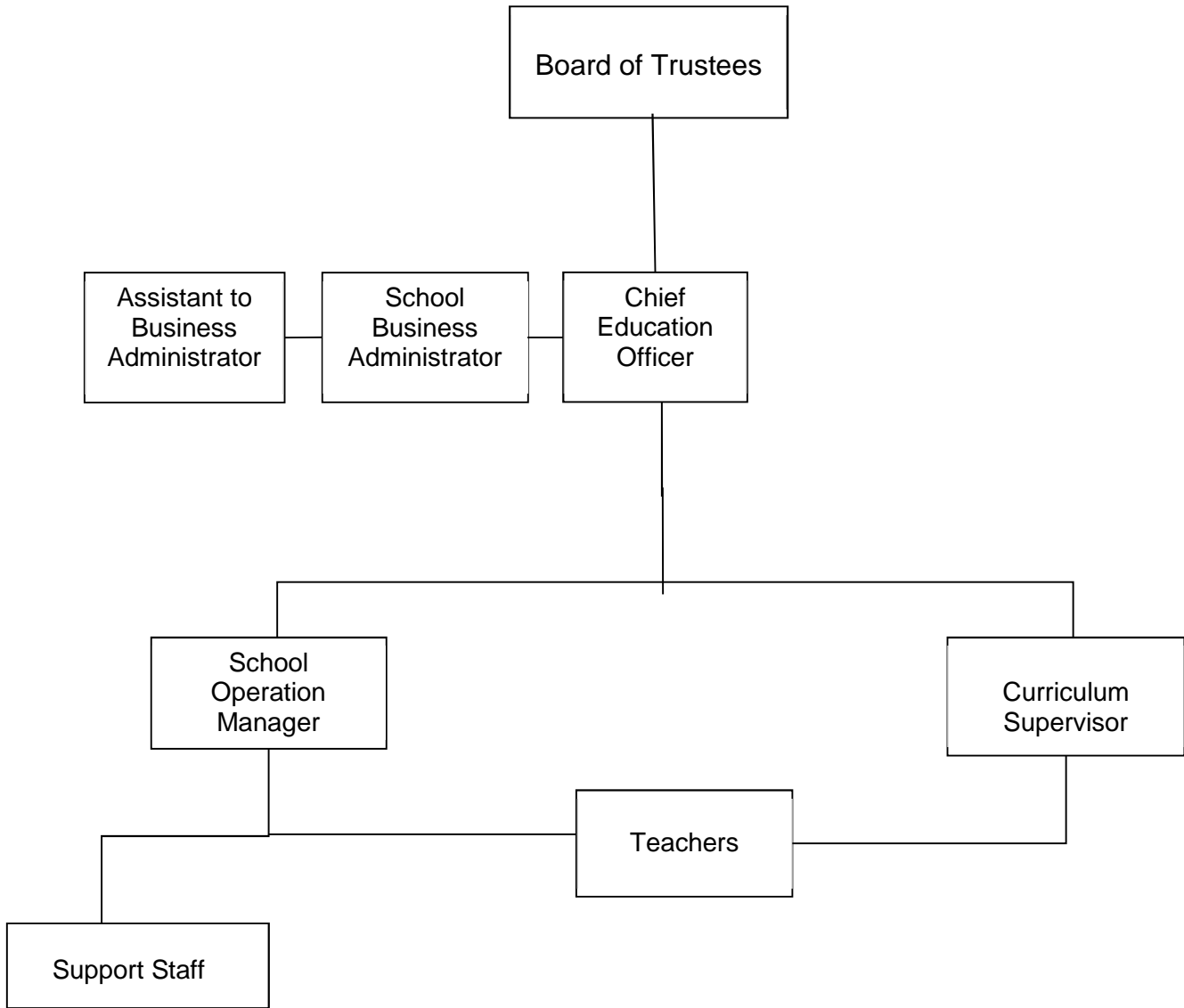
Oguz Yildiz
School Lead Person



Ilgar Sadigov
Business Administrator

THOMAS EDISON ENERGYSMART CHARTER SCHOOL

ORGANIZATIONAL CHART



**THOMAS EDISON ENERGYSMART CHARTER SCHOOL
SOMERSET, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2022**

MEMBERS OF THE BOARD OF TRUSTEES

POSITION

Raif Rustamov

President

Keshaw Sahay

Vice President

Stephen Alexis

Trustee

Ashok Munisamy

Trustee

Mehmet Eke

Trustee

Raquel Neri

Trustee

OTHER OFFICIALS

Oguz Yildiz

Lead Person

Ilgar Sadigov

Board Secretary/
Business Administrator

**THOMAS EDISON ENERGYSMART CHARTER SCHOOL
SOMERSET, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorneys

Teresa Moore
Riker Danzig
Headquarters Plaza
One Speedwell Avenue
Morristown, NJ 07962-1981

Official Depository

Unity Bank
64 Old Highway 22
Clinton, NJ 08809

FINANCIAL SECTION

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

908-686-3484

FAX – 908-686-6055

www.cpa-bc.com ♦ info@cpa-bc.com

Independent Auditor's Report

Honorable President
Members of the Board of Trustees
Thomas Edison EnergySmart Charter School
County of Somerset
Somerset, New Jersey

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Thomas Edison EnergySmart Charter School (Charter School), in the County of Somerset, State of New Jersey, as of and for the fiscal year ended June 30, 2022, 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.

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, and each major fund of the Thomas Edison EnergySmart Charter School, in the County of Somerset, State of New Jersey, as of June 30, 2022, and the respective changes in the financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Thomas Edison EnergySmart Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Adoption of New Accounting Principle

As discussed in note 1 to the financial statements, during the fiscal year ended June 30, 2022, the Charter School adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Consistency of Financial Statements

As a result of the adoption of GASB Statement No. 87, leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the School. Our opinion is not modified with respect to this matter.

Prior Period Restatement

In addition, because of the implementation of GASB Statement No. 87, net position and fund balance as of July 1, 2021 on the statement of activities and statement of revenues, expenditures, and changes in fund balances, have been restated. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Thomas Edison EnergySmart Charter School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Thomas Edison EnergySmart Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Thomas Edison EnergySmart Charter School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis following this report, and pension and post-employment benefit schedules in Exhibits L-1 through L-3, and M-1, and the related notes be presented to supplement the basic financial statements and budgetary comparison information in Exhibits C-1 through C-3. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of

America. In our opinion, the combining statements and related major fund supporting statements and schedule and schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information


Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards* and the *Office of School Finance, Department of Education, State of New Jersey*

In accordance with *Government Auditing Standards* and the Office of School Finance, Department of Education, State of New Jersey, we have also issued our report dated February 10, 2023 on our consideration of the Thomas Edison EnergySmart Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the Office of School Finance, Department of Education, State of New Jersey and the Office of School Finance, Department of Education, State of New Jersey in considering the Charter School's internal control over financial reporting and compliance.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


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

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**THOMAS EDISON ENERGYSMART CHARTER SCHOOL
SOMERSET, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED**

The discussion and analysis of Thomas Edison EnergySmart Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance. Certain comparative information between the current year (2021-2022) and the prior year (2020-2021) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2022 are as follows:

- ❖ General revenues accounted for \$12,061,947 in revenue or 97% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$387,614 or 3% of total revenues of \$12,449,561.
- ❖ The Charter School had \$10,339,141 in expenses; only \$387,614 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$12,061,947 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$10,722,201 in revenues and \$15,189,766 in expenditures. The General Fund's fund balance increased \$2,235,072. This increase was anticipated by the Board of Trustees.

Using this Annual Comprehensive Financial Report (ACFR)

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole Charter School, presenting both an aggregate view of the Charter School's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Charter School's most significant funds. In the case of Thomas Edison EnergySmart Charter School, the General Fund is by far the most significant fund.

**THOMAS EDISON ENERGYSMART CHARTER SCHOOL
SOMERSET, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED
(CONTINUED)**

Reporting the Charter School as a Whole

Statement of Net Positions and the Statement of Activities

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2022?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Charter School's net position and changes in that position. This change in net position is important because it tells the reader that, for the Charter School as a whole, the financial position of the Charter School have improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the *Statement of Net Position* and the *Statement of Activities*, the Charter School is divided into two distinct kinds of activities:

- ❖ Governmental activities — All of the Charter School's programs and services are reported here including instruction, administration, support services, and capital outlay.
- ❖ Business-Type Activity — These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service and After-Care enterprise funds are reported as business activities.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Charter School's funds. The Charter School uses many funds to account for a multitude of financial transactions. The Charter School's governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

The Charter School's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. 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

**THOMAS EDISON ENERGYSMART CHARTER SCHOOL
SOMERSET, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED
(CONTINUED)**

Governmental Funds (Continued)

cash. The governmental fund statements provide a detailed short-term view of the Charter School's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer 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 governmental funds is reconciled in the financial statements.

Proprietary Fund

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the financial statements can be found starting on page 35 of this report.

The Charter School as a Whole

Recall that the *Statement of Net Positions* provides the perspective of the Charter School as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The Charter School's financial position is the product of several financial transactions including the net results of activities.

The Charter School's combined Net Position were \$5,358,600 for 2022 and \$3,175,886 for 2021.

Governmental Activities

The Charter School's total revenues were \$12,443,135 for the year ended June 30, 2022 and \$9,726,329 for the year ended June 30, 2021. This includes \$236,719 for 2022 and \$167,500 for 2021 of state reimbursed TPAF social security and pension contributions.

The total cost of all program and services was \$10,339,141 for 2022 and \$8,514,832 for 2021. Instruction comprises \$4,070,180 for 2022 and \$3,209,069 for 2021 of Charter School expenses.

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Instruction expenses include activities directly dealing

**THOMAS EDISON ENERGYSMART CHARTER SCHOOL
SOMERSET, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED
(CONTINUED)**

Governmental Activities (Continued)

with the teaching of pupils and the interaction between teacher and student, including extracurricular activities. Administration includes expenses associated with administrative and financial supervision of the Charter School.

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

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

Business-Type Activity

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

FOOD SERVICE

- ❖ Revenues exceeded expenses by \$143,712 for 2022 and expenses exceeded revenues by -\$27,564 for 2021.
- ❖ Charges for services represent \$10,736 for 2022 and \$6,409 for 2021. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunch, breakfast, and snack programs were \$354,460 for 2022 and \$64,244 for 2021.

AFTER CARE

- ❖ Revenues exceeded expenses by -\$64,992 for 2022 and expenses exceeded revenues by -\$37,933 for 2021.
- ❖ Charges for services represent \$291,312 for 2022 and \$199,419 for 2021 of revenue. This represents amounts paid by parents for after-care services.

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$11,390,017 for 2022 and \$7,280,285 for 2021; and expenditures were \$15,852,237 for 2022 and \$7,729,759 for 2021. The net change in fund balance for the year was most significant in the general fund, an increase of \$1,173,113 in 2022 after a decrease of \$773,595 in 2021.

**THOMAS EDISON ENERGYSMART CHARTER SCHOOL
SOMERSET, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED
(CONTINUED)**

The Charter School's Funds (Continued)

As demonstrated by the various statements and schedules included on 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 revenues of the governmental funds for the fiscal year ended June 30, 2022, and the amounts and percentages of increases and decreases in relation to prior year amounts.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2021	Percent of Increase/ (Decrease)
Local Sources	\$ 8,110,136	71.20%	\$ 1,394,314	20.76%
State Sources	2,691,528	23.63%	622,562	30.09%
Federal Sources	588,353	5.17%	336,940	134.02%
Total	\$ 11,390,017	100.00%	\$ 2,353,816	

The following schedule represents a summary of the expenditures of the governmental funds for the fiscal year ended June 30, 2022, and the amounts and percentages of increases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2021	Percent of Increase/ (Decrease)
Instruction	\$ 3,492,351	22.04%	\$ 739,653	26.87%
Administration	3,182,188	20.07%	491,733	18.28%
Support Services	2,475,061	15.61%	396,755	19.09%
Total	\$ 15,852,237	100.00%	\$ 8,330,778	

Changes in expenditures were the results of varying factors.

General Fund Budgeting Highlights

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

**THOMAS EDISON ENERGYSMART CHARTER SCHOOL
SOMERSET, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED
(CONTINUED)**

General Fund Budgeting Highlights (Continued)

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

Capital Assets (Net of Depreciation) and Debt Administration

The Charter School had \$632,863 invested in capital assets at the end of the fiscal year 2022 and \$705,523 at the end of fiscal year 2021. The Charter School had no debt at the end of the fiscal years 2022 and 2021.

For the Future

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

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

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Oguz Yildiz, School Lead Person at Thomas Edison EnergySmart Charter School, 150 Pierce Street, Somerset, New Jersey, 08873. Please visit their website at energysmartschool.org.

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

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

THOMAS EDISON ENERGYSMART CHARTER SCHOOL

Statement of Net Position

June 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 5,435,130	\$ 61,972	\$ 5,497,102
Internal Balances	4,541	(4,541)	-
Receivables	1,372,290	24,218	1,396,508
Prepaid Expenses	67,300		67,300
Right of Use Asset, Net of Amortization	6,032,937		6,032,937
Capital Assets, Net	560,203	-	560,203
Total Assets	13,472,401	81,649	13,554,050
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions	997,768		997,768
Total Deferred Outflows of Resources	997,768	-	997,768
LIABILITIES:			
Payable to State Government	174,742		174,742
Payable to District	55,763		55,763
Accounts Payable	144,916		144,916
Noncurrent Liabilities:			
Due Within One Year	531,317		531,317
Due Beyond One Year	5,678,943		5,678,943
Pensions	1,399,731		1,399,731
Total Liabilities	7,985,412	-	7,985,412
DEFERRED INFLOWS OF RESOURCES:			
Pensions	1,207,806		1,207,806
Total Deferred Inflows of Resources	1,207,806	-	1,207,806
NET POSITION:			
Net Investment in Capital Assets	6,593,140		6,593,140
Restricted for:			
Student Activities	15,709		15,709
Net Investment in Capital Assets Unrestricted	(1,331,898)	81,649	(1,250,249)
Total Net Position	\$ 5,276,951	\$ 81,649	\$ 5,358,600

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

THOMAS EDISON ENERGYSMART CHARTER SCHOOL

Statement of Activities

For The Fiscal Year Ended June 30, 2022

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction	\$ 3,492,351	\$ 577,829	\$ -	\$ 102,697	\$ -	\$ (3,967,483)	\$ -	\$ (3,967,483)
Administration	3,256,371	125,551		236,719		(3,145,203)		(3,145,203)
Support Services	1,568,524	161,995	48,198			(1,682,321)		(1,682,321)
Unallocated Amortization and Depreciation	742,360					(742,360)		(742,360)
Interest on Long-Term Debt	414,160					(414,160)		(414,160)
Total Governmental Activities	9,473,766	865,375	48,198	339,416	-	(9,951,527)	-	(9,951,527)
BUSINESS-TYPE ACTIVITIES:								
Food Service and After Care	577,788		650,082	-	-	-	72,294	72,294
Total Business-Type Activities	577,788		-	-	-	-	72,294	72,294
Total Primary Government	\$ 10,051,554		\$ 698,280	\$ 339,416	\$ -	\$ (9,951,527)	\$ 72,294	\$ (9,879,233)
GENERAL REVENUES								
General Purposes						\$ 6,955,017	\$ -	\$ 6,955,017
Federal and State Aid Not Restricted						3,993,583		3,993,583
Investment Earnings						149		149
Miscellaneous Income						1,106,772	6,426	1,113,198
Total General Revenues						12,055,521	6,426	12,061,947
Change in Net Position						2,103,994	78,720	2,182,714
Net Position - Beginning						3,172,957	2,929	3,175,886
Prior Period Adjustments						-	-	-
Net Position, July 1 (Restated)						3,172,957	2,929	3,175,886
Net Position - Ending						\$ 5,276,951	\$ 81,649	\$ 5,358,600

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

SECTION B – FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

GOVERNMENTAL FUNDS

THOMAS EDISON ENERGYSMART CHARTER SCHOOL

Governmental Funds

Balance Sheet

June 30, 2022

	General Fund	Special Revenue Fund	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 5,424,605	\$ 10,525	\$ 5,435,130
Receivables:			
Interfund Receivables	587,598		587,598
Receivables From Other Governments	11,431	624,508	635,939
Receivables, Net	736,351		736,351
Other Assets	67,300	-	67,300
Total Current Assets	6,827,285	635,033	7,462,318
Total Assets	\$ 6,827,285	\$ 635,033	7,462,318
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Current Liabilities:			
Interfund Payables	\$ -	\$ 583,057	\$ 583,057
Payable to State Government	55,763		55,763
Accounts Payable	108,649	36,267	144,916
Unemployment Trust Liability	174,742		174,742
Total Current Liabilities	339,154	619,324	958,478
Total Liabilities	339,154	619,324	958,478
Fund Balances:			
Restricted For:			
Student Activities		15,709	15,709
Unassigned:			
General Fund	6,603,144		6,603,144
Unemployment Compensation	(115,013)	-	(115,013)
Total Fund Balances	6,488,131	15,709	6,503,840
Total Liabilities and Fund Balances	\$ 6,827,285	\$ 635,033	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$959,836 and the accumulated depreciation is \$399,633.	560,203
Right of use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$6,702,637 and the accumulated depreciation is \$669,700.	6,032,937
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds. Long-term debt included as net position from lease liabilities	(6,210,260)
Net pension liability of \$1,399,731, deferred inflows of resources of \$1,207,806 less deferred outflows of resources of \$997,768 related to pensions are not reported in the governmental funds	(1,609,769)
Net Position of Governmental Activities	\$ 5,276,951

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

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 6,955,017	\$ -	\$ 6,955,017
Interest on Investments	149		149
Employee Unemployment Fund Contributions	10,523		10,523
Miscellaneous	1,096,249	48,198	1,144,447
Total Local Sources	8,061,938	48,198	8,110,136
State Sources	2,660,263	31,265	2,691,528
Federal Sources		588,353	588,353
Total Revenues	10,722,201	667,816	11,390,017
EXPENDITURES:			
Current:			
Instruction	3,112,693	379,658	3,492,351
Administration	3,182,188		3,182,188
Support Services	2,192,248	282,813	2,475,061
Capital Outlay	6,702,637		6,702,637
Total Expenditures	15,189,766	662,471	15,852,237
Excess (Deficiency) of Revenues over Expenditures	(4,467,565)	5,345	(4,462,220)
OTHER FINANCING SOURCES (USES):			
Lease Proceeds	6,702,637		6,702,637
Total Other Financing Sources and Uses	6,702,637	-	6,702,637
NET CHANGE IN FUND BALANCES	2,235,072	5,345	2,240,417
FUND BALANCES, JULY 1	4,253,059	10,364	4,263,423
PRIOR PERIOD ADJUSTMENTS	-	-	-
FUND BALANCE, JULY 1, RESTATED	4,253,059	10,364	4,263,423
FUND BALANCES, JUNE 30	<u>\$ 6,488,131</u>	<u>\$ 15,709</u>	<u>\$ 6,503,840</u>

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

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
 Reconciliation of the Statement of Revenues, Expenditures
 And Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Fiscal Year Ended June 30, 2022

Total net change in fund balances - governmental fund (from B-2)		\$ 2,240,417
Amounts reported for governmental activities in the statement of activities (A-2) which are different:		
<p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current fiscal year.</p>		
Depreciation Expense	\$ (72,660)	
Amortization Expense	(669,700)	
Capital Outlay	-	(742,360)
<p>Pension costs associated with the PERS pension plan are reported in the governmental funds as expenditures in the year the school pension contribution is paid. However, on the statement of activities, the net difference between the current and prior year net pension liability is recognized.</p>		
		113,560
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
New long-term debt issued		
Principal payment on long-term debt		492,377
Increase in accrued interest payable		
		492,377
Change in net position of governmental activities		\$ 2,103,994

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

PROPRIETARY FUNDS

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
 Proprietary Fund
 Statement of Fund Net Position
 June 30, 2022

	Business-Type Activities		
	Food Service	After Care	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 61,972	\$ -	\$ 61,972
Interfund Receivable	36,737		36,737
Intergovernmental Accounts Receivable:			
Federal	23,736		23,736
State	482		482
Total Current Assets	<u>122,927</u>	<u>-</u>	<u>122,927</u>
Total Assets	<u>\$ 122,927</u>	<u>\$ -</u>	<u>\$ 122,927</u>
LIABILITIES AND NET POSITION			
Liabilities:			
Current Liabilities:			
Interfund Accounts Payable	\$ -	\$ 41,278	\$ 41,278
Total Liabilities	<u>-</u>	<u>41,278</u>	<u>41,278</u>
Net Position:			
Unrestricted (Deficit)	\$ 122,927	\$ (41,278)	\$ 81,649
Total Net Position (Deficit)	<u>122,927</u>	<u>(41,278)</u>	<u>81,649</u>
Total Liabilities and Net Position	<u>\$ 122,927</u>	<u>\$ -</u>	<u>\$ 122,927</u>

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

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2022

	Business-Type Activities			
	Food Service Program			Total Enterprise
	Food Service	Fixed Contract Price	After Care	
OPERATING REVENUES:				
Charges for Services:				
Daily Sales - Program (Reimbursable Program) Meals	\$ 2,424	\$ -	\$ -	\$ 2,424
Daily Sales - Non-Program (Non-reimbursable Program) Meals	1,886	-	291,312	293,198
Miscellaneous Revenue	6,426	-	-	6,426
Total Operating Revenues	10,736	-	291,312	302,048
OPERATING EXPENSES:				
Cost of Sales - Program (Reimbursable Programs) Meals	158,569	-	-	158,569
Cost of Sales - Non-Program (Non-Reimbursable Programs) Meals	23,155	-	-	23,155
Salaries	29,051	-	133,906	162,957
Purchased Prof/Tech Services	-	-	25,830	25,830
Supplies and Materials	10,318	-	31,382	41,700
Miscellaneous Expenses	391	-	165,186	165,577
Total Operating Expenses	221,484	-	356,304	577,788
OPERATING (LOSS)	(210,748)	-	(64,992)	(275,740)
NONOPERATING REVENUES:				
Interest Earned				
State Source:				
State School Breakfast/Lunch Program	7,210	-	-	7,210
Federal Source:				
National School Lunch/Snack Program/FFVP	41,039	-	-	41,039
National School Breakfast Program	306,211	-	-	306,211
Total Nonoperating Revenues	354,460	-	-	354,460
CHANGE IN NET POSITION	143,712	-	(64,992)	78,720
TOTAL NET POSITION, JULY 1	(20,785)	-	23,714	2,929
TOTAL NET POSITION (DEFICIT), JUNE 30	\$ 122,927	\$ -	\$ (41,278)	\$ 81,649

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

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2022

	Business-Type Activities		
	Food Service	After Care	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ (8,904)	\$ 291,312	\$ 282,408
Cash Payments to Suppliers and Employees	<u>(259,118)</u>	<u>(315,732)</u>	<u>(574,850)</u>
Net Cash Used In Operating Activities	<u>(268,022)</u>	<u>(24,420)</u>	<u>(292,442)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash Received From State And Federal Reimbursements	<u>354,460</u>		<u>354,460</u>
Net Cash Provided By Noncapital Financing Activities	<u>354,460</u>	<u>-</u>	<u>354,460</u>
Net Increase In Cash And Cash Equivalents	86,438	(24,420)	62,018
Cash And Cash Equivalents, Beginning Of Year	<u>(24,466)</u>	<u>24,420</u>	<u>(46)</u>
Cash And Cash Equivalents, End Of Year	<u>\$ 61,972</u>	<u>\$ -</u>	<u>\$ 61,972</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:			
Operating (Loss) Used for Operating Activities	\$ (210,748)	\$ (65,698)	\$ (276,446)
Change In Assets And Liabilities:			
Increase In Interfund Receivables	(36,737)		(36,737)
(Increase) Decrease In Receivables	(19,640)		(19,640)
Increase (Decrease) In Interfund Payable	<u>(897)</u>	<u>41,278</u>	<u>40,381</u>
Net Cash Used In Operating Activities	<u>\$ (268,022)</u>	<u>\$ (24,420)</u>	<u>\$ (292,442)</u>

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

***FIDUCIARY FUNDS
(NOT APPLICABLE)***

NOTES TO THE FINANCIAL STATEMENTS

THOMAS EDISON ENERGYSMART CHARTER SCHOOL

Notes to Basic Financial Statements

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of Thomas Edison EnergySmart Charter School have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the accounting standard-setting body responsible for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity

The Charter School is an instrument of the State of New Jersey, established to function as an educational institution. Its mission is to establish a charter school to serve as a neighborhood resource and as a model for other similar schools. Thomas Edison EnergySmart 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.

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB's Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School management. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the Charter School.

B. Basis of Presentation

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

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

THOMAS EDISON ENERGYSMART CHARTER SCHOOL

Notes to Basic Financial Statements

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

The statement of net position presents the financial condition of the governmental and business-type activity of the Charter School at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the Charter School.

Fund Financial Statements: During the fiscal year, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the Charter School's funds. Separate statements for each fund category — *governmental and proprietary*. The New Jersey Department of Education (NJDOE) has elected to require New Jersey Charter Schools to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among Charter School financial reporting models.

The Charter School reports the following governmental funds:

General Fund: The general fund is the general operating fund of the Charter School and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the Charter School includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived 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

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

General Fund (Continued)

that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund: The special revenue fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: Not Applicable.

Debt Service Fund: Not Applicable.

The Charter School reports the following proprietary funds:

Enterprise (Food Service and After Care) Fund: The enterprise fund accounts for all revenues and expenses pertaining to the Charter School's Food Service operations, and After School Care services. These funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

C. Basis of Accounting – Measurement Focus

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

Charter School-wide and Proprietary Fund Financial Statements: The financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund fund uses the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. The Charter School is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting – Measurement Focus (Continued)

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. Budgets are prepared using the modified accrual basis of accounting except for special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

THOMAS EDISON ENERGYSMART CHARTER SCHOOL

Notes to Basic Financial Statements

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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

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

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

	<u>2022</u>	<u>2021</u>
Total Revenues & Expenditures (Budgetary Basis)	\$ 667,816	\$ 257,084
Adjustments:		
Less Encumbrances at June 30, 2022	-	-
Plus Encumbrances at June 30, 2021	-	-
Total Revenues and Expenditures (GAAP Basis)	<u>\$ 667,816</u>	<u>\$ 257,084</u>

E. Encumbrances Accounting

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

THOMAS EDISON ENERGYSMART CHARTER SCHOOL

Notes to Basic Financial Statements

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrances Accounting (Continued)

Open encumbrances in the special revenue fund for which the Charter School has received advances are reflected in the balance sheet as unearned revenues at fiscal year end. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Assets, Liabilities, and Equity

Interfund Transactions:

Transfers between governmental and business-type activities on the Charter School - wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Capital Assets:

The Charter School has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The capitalization threshold used by Charter Schools in the State of New Jersey is \$2,000.

THOMAS EDISON ENERGYSMART CHARTER SCHOOL

Notes to Basic Financial Statements

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Capital Assets (Continued)

All reported capital assets except for land are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Office & Computer Equipment	10-15
Instructional Equipment	10
Grounds Equipment	15

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Right of use assets

The Charter School has recorded right of use lease assets as a result of implementing GASB 87. The right of use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right of use assets are amortized on a straight-line basis over the life of the related lease.

Unearned Revenue:

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlement received before the eligibility requirements are met are also recorded as unearned revenue.

Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the Charter School - 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.

THOMAS EDISON ENERGYSMART CHARTER SCHOOL

Notes to Basic Financial Statements

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Net Position:

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Charter School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Charter School's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance Reserves:

The Charter School reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion which is available for appropriation in future periods. A fund balance assignment has been established for encumbrances.

Revenues — Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Charter School, available means within sixty days of the fiscal year end.

Non-exchange transactions, in which the Charter School receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: interest and tuition.

THOMAS EDISON ENERGYSMART CHARTER SCHOOL

Notes to Basic Financial Statements

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the Charter School, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses:

The Charter School reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function.

Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Accrued Salaries and Wages:

Certain Charter School employees who provide services to the Charter School over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2022. The Charter School had prepaid expenses for the fiscal year ended June 30, 2022 of \$ 67,300 .

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (non-allocation method). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

G. PENSIONS

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

H. LEASES

As a result of the adoption of GASB 87, leases are recognized as a right-of-use asset and a corresponding lease liability in other financial liabilities at the date at which the leased asset is available for use by the School. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Right-of-use assets are subject to impairment.

The lease liability is measured at the present value of lease payments to be made over the lease term, discounted using the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily available. Lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees.

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES (CONTINUED)

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the School and payment of penalties for termination of a lease when the lease term reflects the lessee exercising a termination option. Each lease payment is allocated between the repayment of the principal portion of lease liability and the interest portion. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period and is recorded in financing expense. Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of income.

I. IMPACT OF RECENTLY ISSUED ACCOUNTING POLICIES

During fiscal years 2022 through 2023, the Charter School has adopted the following GASB statements.

The GASB has adopted the following as of June 30, 2022

- GASB No. 87, Leases, effective with the fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB No. 84, Fiduciary Activities, was effective for the fiscal year ending June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.

Impact of Recently Issued Accounting Principles

- GASB Statement No. 91, Conduit Debt Obligations, effective for the year ending June 30, 2023.
- GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, effective for the year ending June 30, 2023.
- GASB Statement No. 99, Omnibus 2022, effective for the year ending June 30, 2023.

THOMAS EDISON ENERGYSMART CHARTER SCHOOL

Notes to Basic Financial Statements

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles (continued)

- GASB Statement No. 100, Accounting Changes and Error Corrections, effective for the year ending June 30, 2024.
- GASB Statement No. 101, Compensated Absences, effective for the year ending June 30, 2025.

The Charter School will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents includes amounts in deposits, money market accounts and short-term investments with original maturities of three months or less. Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity of any discount or premium. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40 replaces in part, and otherwise modifies the prior GASB Statement No. 3, in addressing the requirements for disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments.

As a result of GASB 40, effective June 15, 2004, custodial credit risk disclosures are limited to deposits that are not covered by depository insurance and are (a) uncollateralized; (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name. The previous GASB Statement No. 3 disclosures generally referred to as Category 1 and Category 2 deposits and investments are eliminated. However, GASB No. 40 does not

THOMAS EDISON ENERGYSMART CHARTER SCHOOL

Notes to Basic Financial Statements

June 30, 2022

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

change the required disclosure of authorized investments or the requirements for reporting certain repurchase agreements and reverse repurchase agreements, and it maintains, with modification, the level-of-detail disclosure requirements of GASB Statement No. 3.

Deposits

New Jersey statutes require that Charter Schools deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Charter Schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least five percent of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the Charter School.
- d. The Charter School had no investments as of June 30, 2022. Cash and cash equivalents of the Charter School consisted of the following:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Proprietary Fund</u>	<u>Total</u>
Operating Account	\$ 5,424,605	\$ 10,525	\$ 61,972	\$ 5,497,102

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

- e. The carrying amount of the Board's cash and cash equivalents at June 30, 2022 was \$5,497,102 and the bank balance was \$5,869,256. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Risk Category

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

As of June 30, 2022, the Board had funds invested and on deposit in checking accounts. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 3 and modified by GASB Statement No. 40, and as such, are deposits that are insured or collateralized with securities held by the Board or by its agent in the Board's name, both at year-end and throughout the year.

New Jersey Cash Management Fund

All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2022, the Charter School had no funds on deposit with the New Jersey Cash Management Fund.

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 3: RECEIVABLES

Receivables at June 30, 2022, consisted of accounts, intergovernmental, grants, and miscellaneous.

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

	Governmental Funds		Total Governmental Activities	Proprietary	Total Business Type Activities	Total
	General Fund	Special Revenue Fund		Food Service Fund		
State Awards	\$ 736,351	\$ -	\$ 736,351	\$ 482	\$ 482	\$ 736,833
Federal Awards	-	624,508	624,508	23,736	23,736	648,244
Other	11,431	-	11,431	-	-	11,431
Gross Receivables	747,782	624,508	1,372,290	24,218	24,218	1,396,508
Less: Allowance for Uncollectibles	-	-	-	-	-	-
Total Receivables, Net	\$ 747,782	\$ 624,508	\$ 1,372,290	\$ 24,218	\$ 24,218	\$ 1,396,508

NOTE 4: INTERFUND TRANSFERS AND BALANCES

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

The following interfund balances remained on the fund financial statements at June 30, 2022:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 587,598	\$ -
Special Revenue Fund		583,057
Proprietary Fund	36,737	41,278
Total	\$ 624,335	\$ 624,335

Interfund balances are expected to be liquidated by the end of June 30, 2022

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Site Improvements	\$ 894,800	\$ -	\$ -	\$ 894,800
Building and Building Improvements	-	-	-	-
Machinery and Equipment	65,036	-	-	65,036
Works of Art and Historical Treasures	-	-	-	-
Infrastructure	-	-	-	-
Totals at Historical Cost	<u>959,836</u>	<u>-</u>	<u>-</u>	<u>959,836</u>
Less Accumulated Depreciation For:				
Site Improvements	268,441	59,653	-	328,094
Building and Building Improvements	-	-	-	-
Machinery and Equipment	58,532	13,007	-	71,539
Works of Art and Historical Treasures	-	-	-	-
Infrastructure	-	-	-	-
Total Accumulated Depreciation	<u>326,973</u>	<u>72,660</u>	<u>-</u>	<u>399,633</u>
Total Capital Assets Being Depreciated,				
Net of Accumulated Depreciation	<u>632,863</u>	<u>(72,660)</u>	<u>-</u>	<u>560,203</u>
Government Activity Capital Assets, Net	<u>\$ 632,863</u>	<u>\$ (72,660)</u>	<u>\$ -</u>	<u>\$ 560,203</u>

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by Charter Schools in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives.

Depreciation expense of \$ 72,660 was charged to an unallocated function.

NOTE 6: LEASES

RIGHT OF USE LEASE ASSETS

The Charter School has recorded two right of use leased assets. The assets are right of use assets for leased equipment and leased school facility. The related leases are discussed in the Leases subsection of the Liabilities section of this note. The right of use lease assets are amortized on a straight-line basis over the terms of the related leases.

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 6: LEASES

RIGHT OF USE LEASE ASSETS (CONTINUED)

Right of use asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

Leased Assets	Beginning Balance	Additions	Deductions	Ending Balance
Leased Assets Being Amortized				
Leased - Equipment Expense	0	61,722	0	61,722
Leased - Real Estate Expense	0	6,640,915	0	6,640,915
Total Leased Assets Being Amortized	0	6,702,637	0	6,702,637
Less: Accumulated Amortization				
Leased - Equipment Expense	0	(5,608)	0	(5,608)
Leased - Real Estate Expense	0	(664,092)	0	(664,092)
Total Accumulated Amortization	0	(669,700)	0	(669,700)
Total, Net of Accumulated Amortization	0	6,032,938	0	6,032,938

NOTE 7: LONG- TERM OBLIGATIONS

A. LEASES

By way of Lease Agreement dated April 23, 2015, the Charter School leased space for their school operations at a building located at 150 Pierce Street, Somerset, NJ. Term of the lease is for five (5) years with successive options to renew. The rental payments amounted to \$900,000 for the year ended June 30, 2022. As a result of the lease, the school has recorded a right of use asset with a net book value of \$5,976,823 on June 30, 2022.

The equipment agreement was executed on January 18, 2022, to lease a copy machine and requires 60 monthly payments of \$1,199. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 5%, which is the stated rate in the lease agreement. As a result of the lease, the school has recorded a right of use asset with a net book value of \$56,114 on June 30, 2022.

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 7: LONG- TERM OBLIGATIONS

LEASES (CONTINUED)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

Maturity Analysis	Principal	Interest	Total
07/01/2022 - 06/30/2023	531,318	383,070	914,388
07/01/2023 - 06/30/2024	566,901	347,487	914,388
07/01/2024 - 06/30/2025	604,867	309,521	914,388
07/01/2025 - 06/30/2026	645,376	269,012	914,388
07/01/2026 - 06/30/2027	682,106	225,900	908,006
07/01/2027 - 06/30/2032	3,179,692	420,308	3,600,000
07/01/2032 - 06/30/2037	0	0	0
Total	6,210,260	1,955,298	8,165,558
Lease Liability	6,210,260		

A. LONG-TERM LIABILITY ROLLFORWARD SCHEDULE

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental Activities:					
Lease Liabilities	\$ -	\$ 6,210,260	\$ -	\$ 6,210,260	531,317
Net Pension Liability	1,328,308		71,423	1,399,731	-
Governmental Activity long-term	\$ 1,328,308	\$ 6,210,260	\$ 71,423	\$ 7,609,991	\$ 531,317

NOTE 8: PENSION PLANS

Substantially all the Board's employees participate in one of the two contributory, defined benefit public employee systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey. Certain employees may participate in the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

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

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 8: PENSION PLANS (CONTINUED)

Benefits Provided

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

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

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

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 8: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Basis of Presentation

The schedule of employer allocations and the schedule of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Allocation Methodology and Reconciliation to Financial Statements

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2020 through June 30, 2021. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedule of pension amounts by employer. The allocation percentages for each group as of June 30, 2021 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2021.

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 8: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For measurement date 2021, the State's pension contribution was less than the actuarially determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Charter School contributions to PERS amounted to \$ 138,374 for fiscal year 2022.

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

At June 30, 2022, the Charter School reported a liability of \$ 1,399,731 for its proportionate share of the net pension liability. The net pension liability was actuarially determined as of June 30, 2020, which was rolled forward to June 30, 2021. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2021, the Charter School's proportion was 0.01181557% which was an increase of 0.00367013% from its proportion measured as of June 30, 2020. For the fiscal year ended June 30, 2022, the Charter School recognized pension expense of \$ 103,864. At June 30, 2022, the Charter School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 8: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 7,290	\$ 498,313
Changes in Proportion	968,402	330,747
Difference between Expected and Actual Experience	22,076	10,020
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	368,726.00
	<u>\$ 997,768</u>	<u>\$ 1,207,806</u>

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.13, 5.16, 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years for the 2021, 2020, 2019, 2018, and 2017, 2015, and 2014 amounts, respectively.

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

Fiscal Year Ending June 30,	Total
2023	\$ (81,834)
2024	(58,666)
2025	(39,839)
2026	(29,947)
2027	248
	<u>\$ (210,038)</u>

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 8: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuations as of July 1, 2020. This actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate		
Price		2.75%
Wage		3.25%
Salary Increases:		
through 2026		2.00-6.00% based on years of service
Thereafter		3.00-7.00% based on years of service
Investment Rate of Return		7.00%

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-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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, 2021) 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

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 8: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Long Term Expected Rate of Return (Continued)

return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

			Long Term
			Expected Real
		Target	Rate of
Asset Class		Allocation	Return
U.S. Equity		27.00%	8.09%
Non-U.S. Developed Markets Equity		13.50%	8.71%
Emerging Markets Equity		5.50%	10.96%
Private Equity		13.00%	11.30%
Real Estate		8.00%	9.15%
Real Assets		3.00%	7.40%
High Yield		2.00%	3.75%
Private Credit		8.00%	7.60%
Investment Grade Credit		8.00%	1.68%
Cash Equivalents		4.00%	0.50%
U.S. Treasuries		5.00%	0.95%
Risk Mitigation Strategies		3.00%	3.35%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 and the nonemployer contributing entity will be based on 100% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 8: PENSION PLANS (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 Charter School's proportionate share of the collective net pension liability as of June 30, 2021, calculated using the discount rate as disclosed below, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Measurement Date June 30, 2021			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
Charter School's proportionate share of the Net Pension Liability	\$ 1,926,469	\$ 1,399,731	\$ 980,303

Measurement Date June 30, 2020			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
Charter School's proportionate share of the Net Pension Liability	\$ 1,685,267	\$ 1,328,308	\$ 1,044,727

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teacher's Pension Annuity Fund (TPAF)

Pension Description

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

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 8: PENSION PLANS (CONTINUED)

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

Benefit Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon 65.

Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 8: PENSION PLANS (CONTINUED)

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

Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows in resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the State's actual contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2021. Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Contributions

The contribution policy for TPAF is set by N.J.S.A 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2021, the State's pension contribution was less than the actuarially determined amount.

Special Funding Situation

The Employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the Charter School. This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal year ended 2022, the State of New Jersey contributed \$ 85,636 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$ 578,682 .

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 8: PENSION PLANS (CONTINUED)

Teacher’s Pension Annuity Fund (TPAF) (Continued)

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

As of June 30, 2022, the State’s proportionate share of the net pension liability associated with the Charter School was \$ 6,373,530,834. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 which was rolled forward to June 30, 2021.

The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021, the Charter School's proportion was 0.0197467742%, which was an increase of 0.0042438% from its proportion measured as of June 30, 2020.

Charter School's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	9,493,299
Total	\$ 9,493,299

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the Charter School in the amount of \$ 578,682 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2022 financial statements.

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 8: PENSION PLANS (CONTINUED)

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

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

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 5,289,559,561	\$ 24,224,281,713
Difference Between Expected and Actual Experience	941,265,828	142,774,569
Changes in Proportion and differences between employer contributions and proportionate share of contributions	142,705,445	142,705,445
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	2,854,036,178
	<u>\$ 6,373,530,834</u>	<u>\$ 27,363,797,905</u>

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 8: PENSION PLANS (CONTINUED)

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

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

The \$ 6,373,530,834 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$ 27,363,797,905 reported as deferred inflow of resources resulted from the difference between projected and actual.

Fiscal Year	Total
Ending June 30,	Total
2023	\$ (2,914,282,899)
2024	(3,500,098,875)
2025	(4,665,036,366)
2026	(4,192,375,542)
2027	(2,350,648,872)
Thereafter	(3,367,824,517)
	\$ (20,990,267,071)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wages	3.25%
Salary Increases:	
Through 2026	1.55 - 4.45%
	based on years of service
Thereafter	2.75 - 5.65%
	based on years of service
Investment Rate of Return	7.00%

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 8: PENSION PLANS (CONTINUED)

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

Actuarial Assumptions (Continued)

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 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

In accordance with State statute, the long-term expected rate of return on pension investments (7.00% as of June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension 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' target asset allocation as of June 30, 2021 is summarized in the following table:

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 8: PENSION PLANS (CONTINUED)

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

Long Term Expected Rate of Return (Continued)

			Long-Term
			Expected Real
		Target	Rate of
Asset Class		Allocation	Return
US Equity		27.00%	8.09%
Non-U.S. Developed Markets Equity		13.50%	8.71%
Emerging Markets Equity		5.50%	10.96%
Private Equity		13.00%	11.30%
Real Estate		8.00%	9.15%
Real Assets		3.00%	7.40%
High Yield		2.00%	3.75%
Private Credit		8.00%	7.60%
Investment Grade Credit		8.00%	1.68%
Cash Equivalents		4.00%	0.50%
U.S. Treasuries		5.00%	95.00%
Risk Mitigation Strategies		3.00%	3.35%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% 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. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments in determining the total pension liability.

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 8: PENSION PLANS (CONTINUED)

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

The following presents the Charter School's proportionate share of the collective net pension liability as of June 30, 2021, calculated using the discount rate as disclosed below, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Measurement Date June 30, 2021			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
Charter School's proportionate share of the Net Pension Liability	\$ 8,834,877	\$ 9,493,299	\$ 6,318,331

Measurement Date June 30, 2020			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(4.60%)	(5.60%)	(6.60%)
Charter School's proportionate share of the Net Pension Liability	\$ 11,078,947	\$ 9,431,964	\$ 8,064,422

Pension Plan Fiduciary Net Position – TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

THOMAS EDISON ENERGYSMART CHARTER SCHOOL

Notes to Basic Financial Statements

June 30, 2022

NOTE 8: PENSION PLANS (CONTINUED)

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

The contribution policy is set by the New Jersey Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by the State of New Jersey regulation. Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums.

For DCRP, the Charter School did not recognize any pension expense for the fiscal year ended June 30, 2022. There were no employee contributions to DCRP for the fiscal year ended June 30, 2022.

NOTE 9: POST-RETIREMENT BENEFITS

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan Description and Benefits Provided

The school is in a "special funding situation", as described in GASB Statement No. 75 in that OPEB contributions and expense are legally required to be made by and are the sole responsibility of the State of New Jersey.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 9: POST-RETIREMENT BENEFITS (CONTINUED)

General Information About the OPEB Plan (Continued)

Plan Description and Benefits Provided (Continued)

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 No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The State Health Benefit 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 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

The plan membership consisted of the following at June 30, 2021:

Active plan member							213,901
Inactive plan members or beneficiaries currently receiving benefits							150,427
Inactive plan members entitled to but not yet receiving benefit payments							-
Total							<u>364,328</u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of measurement date June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021.

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 9: POST-RETIREMENT BENEFITS (CONTINUED)

General Information About the OPEB Plan (Continued)

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	PFRS
Salary Increases				
Through 2026		1.55% to 4.45%	2.00% to 6.00%	3.25% to 15.25%
		based on service	based on service	based on service
		years	years	years
Rate thereafter		2.75% to 5.65%	3.00% to 7.00%	NOT
		based on service	based on service	APPLICABLE
		years	years	

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. 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-2021. 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-2021.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015- June 30, 2018, July 1, 2014 - June 30, 2018, and July 1, 2013- June 30, 2018 for TPAF, PERS and PFRS, respectively.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 6.75% 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%.

THOMAS EDISON ENERGYSMART CHARTER SCHOOL

Notes to Basic Financial Statements

June 30, 2022

NOTE 9: POST-RETIREMENT BENEFITS (CONTINUED)

General Information About the OPEB Plan (Continued)

Discount rate

The discount rate for June 30, 2021 measurement date was 2.16%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total Non-Employer OPEB Liability

The table below summarizes the State's proportionate share of the change in the total non-employer OPEB liability associated with the Charter School for the fiscal year ended June 30, 2022:

				Total OPEB Liability
Balance at January 0, 1900				\$ 4,202,625
Service cost				823,177
Interest on Total OPEB Liability				108,269
Effect on Changes of Benefit Terms				(4,442)
Difference between expected and actual experience				(877,563)
Effect of Changes of Assumptions				4,118
Contributions - Employee				2,768
Gross Benefits Paid by the State				(85,286)
Net Changes				(28,959)
Balance at June 30, 2022				4,173,666

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

The following presents the total nonemployer OPEB liability measured as of June 30, 2021 calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Measurement Date Ended January 0, 1900		
	At 1%	At current	At 1%
	Decrease (1.16%)	discount rate (2.16%)	Increase (3.16%)
Total OPEB Liability	\$ 4,999,397	\$ 4,173,666	\$ 3,523,453

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 9: POST-RETIREMENT BENEFITS (CONTINUED)

General Information About the OPEB Plan (Continued)

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate: (Continued)

The following presents the total nonemployer OPEB liability measured as of June 30, 2021 calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	Measurement Date Ended January 0, 1900		
	At 1%		At 1%
	decrease	Trend Rate	Increase
Total OPEB Liability	\$ 3,378,596	\$ 4,173,666	\$ 5,241,386

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

For the fiscal year ended June 30, 2022 the Charter School recognized OPEB expense of \$ 690,128 in the government-wide financial statements for the State's proportionate share of the OPEB Plans OPEB expenses, associated with the Charter School. This expense and revenue was based on the OPEB Plan's June 30, 2021 measurement date.

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 the measurement date June 30, 2021 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between Actual and Expected Experience	\$ 629,162	\$ (1,252,591)
Net Difference between Expected and Actual Earnings on OPEB Plan Investments	-	-
Assumption Changes	\$ 708,010	(447,795)
Sub Total	1,337,171	(1,700,387)
Contributions Made in Fiscal Year 2022 after January 0, 1900 Measurement Date	N/A	N/A
Total	1,337,171	(1,700,387)

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Basic Financial Statements
June 30, 2022

NOTE 9: POST-RETIREMENT BENEFITS (CONTINUED)

General Information About the OPEB Plan (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

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

Measurement Period Ending June 30	
2022	\$ (82,232)
2023	(82,232)
2024	(82,232)
2025	(82,232)
2026	(58,466)
Total Thereafter	24,177
	\$ (363,216)

NOTE 10: 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, student accident, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report.

New Jersey Unemployment Compensation Insurance

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.

THOMAS EDISON ENERGYSMART CHARTER SCHOOL

Notes to Basic Financial Statements

June 30, 2022

NOTE 11: FUND BALANCE APPROPRIATED

General Fund

Of the \$6,488,131 fund balance total in General Fund at June 30, 2022, \$6,603,144 is unassigned.

NOTE 12: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2022, the Charter School has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$928,443 , \$236,719 , \$216,922 , and \$985 , respectively.

NOTE 13: CONCENTRATIONS

The Charter School depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the Charter School is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

NOTE 14: IMPLEMENTATION OF NEW ACCOUNTING STANDARD AND RESTATEMENT OF NET POSITION CONCENTRATIONS

In June of 2017, the GASB issued Statement no. 87, Leases. GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of GASB Statement No. 87 were effective for reporting periods beginning after June 15, 2021. The School adopted GASB Statement No. 87 effective July 1, 2021. The implementation of GASB Statement No. 87 required retrospective application to prior periods resulting in the restatement of net position and fund balance as of the beginning of the year.

NOTE 15: SUBSEQUENT EVENTS

The Thomas Edison Smart Charter School's management has informed us that there are no significant events that need to be disclosed after the balance sheet date through the date of the audit which was February 10, 2023.

THOMAS EDISON ENERGYSMART CHARTER SCHOOL

Notes to Basic Financial Statements

June 30, 2022

NOTE 16: IMPACT OF COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Charter School’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Charter School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2023.

Although the Charter School cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material effect on the Charter School’s results of future operations, financial position, and liquidity in fiscal year 2023.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULES

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2022

	2022				
	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Levy Budget:					
Equalization Aid Local Share-Charter School Aid	\$ 7,844,702	\$ (847,976)	\$ 6,996,726	\$ 6,955,017	\$ (41,709)
Total Local Levy Budget	7,844,702	(847,976)	6,996,726	6,955,017	(41,709)
Categorical Aid:					
Equalization Aid State Share-Charter School Aid	1,201,893	(122,800)	1,079,093	1,081,832	2,739
Special Education Categorical Aid	192,321	(83,653)	108,668	102,697	(5,971)
Security Aid	105,070	(10,693)	94,377	92,665	(1,712)
Total Categorical Aid	1,499,284	(217,146)	1,282,138	1,277,194	(4,944)
Revenues From Other Sources:					
Interest Income				149	149
Miscellaneous Revenue				1,106,772	1,106,772
Reimbursed TPAF Social Security Contributions				236,719	236,719
On-Behalf TPAF(Non-Budget)					
Post Retirement Medical Contributions				216,922	
Long-Term Disability Insurance Contributions				985	
Pension Contributions				928,443	928,443
Total Revenues From Other Sources	-	-	-	2,489,990	2,272,083
Total Revenues	9,343,986	(1,065,122)	8,278,864	10,722,201	2,225,430
EXPENDITURES:					
Instruction:					
Salaries of Teachers	3,700,725	(606,673)	3,094,052	2,827,421	266,631
Other Salaries for Instruction	121,125	25,195	146,320	133,320	13,000
Purchased Prof/Tech Services	82,978	(31,609)	51,369	26,102	25,267
Other Purchased Services	61,210	(482)	60,728	24,880	35,848
General Supplies	166,000	(56,614)	109,386	42,216	67,170
Textbooks	174,371	2,865	177,236	34,373	142,863
Miscellaneous	80,000	-	80,000	24,381	55,619
Total Instruction	4,386,409	(667,318)	3,719,091	3,112,693	606,398
Administration:					
Salaries - General Administration	542,882	(2,249)	540,633	517,741	22,892
Salaries of Secretarial/Clerical Assistants	127,369	-	127,369	125,569	1,800
Total Benefits Cost	1,260,705	(18,915)	1,241,790	1,012,413	229,377
Purchases Prof/Tech Services	54,600	-	54,600	27,949	26,651
Other Purchased Services	21,888	412	22,300	325	21,975
Communications/Telephone	32,500	22,500	55,000	41,860	13,140
Supplies and Materials	57,000	(2,900)	54,100	38,085	16,015
Miscellaneous Expenses	47,000	-	47,000	35,177	11,823
Total Administration	2,143,944	(1,152)	2,142,792	1,799,119	343,673

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

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2022

2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from Prior Page)					
Support Services:					
Salaries	\$ 851,517	\$ 106,366	\$ 957,883	\$ 830,045	\$ 127,838
Purchased Prof/Ed Services	194,500	(6,000)	188,500	54,525	133,975
Rental of Land and Buildings	942,000	(896,000)	46,000	46,000	
Right of Use Assets	-	906,537	906,537	906,537	
Other Purchased Services	194,600	(30,808)	163,792	137,504	26,288
Transportation-Other Than To/From School	74,000	12,070	86,070	86,070	-
Insurance for Property, Liability and Fidelity	58,514	-	58,514	50,249	8,265
Supplies and Materials	54,000	(2,500)	51,500	20,863	30,637
Energy Costs (Heat and Electricity)	120,000	(20,000)	100,000	60,455	39,545
Total Support Services	2,489,131	69,665	2,558,796	2,192,248	366,548
Capital Outlay:					
Instructional Equipment					
Non-Instructional Equipment					-
Lease Purchase Agreements-Lease Asset				6,702,637	(6,702,637)
Miscellaneous Expenses	-	-	-		-
Total Capital Outlay	-	-	-	6,702,637	(6,702,637)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				236,719	(236,719)
On-Behalf TPAF (Non-Budgeted)					
Post Retirement Medical Contributions				216,922	(216,922)
Long-Term Disability Insurance Contributions				985	(985)
Pension Contributions				928,443	(928,443)
Total Expenditures	9,019,484	(598,805)	8,420,679	15,189,766	(5,622,737)
Excess (Deficiency) of Revenues Over (Under) Expenditures	324,502	(466,317)	(141,815)	(4,467,565)	(4,325,750)
Other Financing Sources (Uses)					
Lease Proceeds			-	6,702,637	(6,702,637)
Total Other Financing Sources (Uses)	-	-	-	6,702,637	(6,702,637)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	324,502	(466,317)	(141,815)	2,235,072	(11,028,387)
FUND BALANCE, JULY 1	4,369,656	-	4,369,656	4,253,059	(116,597)
PRIOR PERIOD ADJUSTMENT					
FUND BALANCE, JULY 1- RESTATED	4,369,656	-	4,369,656	4,253,059	(116,597)
FUND BALANCE, JUNE 30	\$ 4,694,158	\$ (466,317)	\$ 4,227,841	\$ 6,488,131	\$ (11,144,984)

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

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Local	\$ -	\$ -	\$ -	\$ 48,198	\$ 48,198
State	\$ 31,265	\$ -	\$ 31,265	\$ 31,265	\$ -
Federal	562,846	-	562,846	588,353	25,507
Total Revenues	594,111	-	594,111	667,816	73,705
EXPENDITURES:					
Instruction:					
Salaries	176,626		176,626	184,477	(7,851)
Purchased Prof/Tech Services	107,213	-	107,213	108,313	(1,100)
Other Purchased Services	7,145	-	7,145	7,145	-
General Supplies	76,666		76,666	76,959	(293)
Textbooks	2,764	-	2,764	2,764	-
Total Instruction	370,414	-	370,414	379,658	(9,244)
Support Services:					
Salaries	53,200		53,200	58,445	(5,245)
Personal Services - Employee Benefits	73,896		73,896	84,914	(11,018)
Other Purchased Services	94,101		94,101	94,101	
Supplies and Materials	2,500		2,500	2,500	-
Miscellaneous Expenditures	-	-	-	42,853	(42,853)
Total Support Services	223,697	-	223,697	282,813	(59,116)
Total Expenditures	594,111	-	594,111	662,471	(68,360)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ 5,345	\$ 5,345

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 Fiscal Year Ended June 30, 2022

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] 10,722,201	[C-2] \$ 693,323
 Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		(25,507)
 Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ 10,722,201	[B-2] \$ 667,816
 Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] 8,487,129	[C-2] \$ 687,978
 Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.		(25,507)
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 8,487,129	[B-2] \$ 662,471

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,					
	2017	2018	2019	2020	2021	2022
Charter School's proportion of the net pension liability	0.006190080%	0.007598290%	0.009786700%	0.009786700%	0.010544302%	0.011815565%
Charter School's proportionate share of the net pension liability	\$ 1,183,048	\$ 1,779,917	\$ 1,926,971	\$ 1,899,923	\$ 1,328,308	\$ 1,399,731
Charter School's covered payroll (plan measurement period)	\$ 1,080,422	\$ 1,254,656	\$ 563,019	\$ 860,369	\$ 1,375,505	\$ 1,017,090
Charter School's proportionate share of the net pension liability as a percentage of it's covered payroll	109%	142%	342%	221%	97%	138%
Plan fiduciary net position as a percentage of the total pension liability	31.20%	31.20%	31.20%	56.27%	58.32	51.52%

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

**THOMAS EDISON ENERGYSMART CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX FISCAL YEARS
UNAUDITED**

	Fiscal Year Ending June 30,					
	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 46,641	\$ 78,372	\$ 98,847	\$ 103,864	\$ 89,107	\$ 138,374
Contributions in relation to the contractually required contribution	<u>(46,641)</u>	<u>(78,372)</u>	<u>(98,847)</u>	<u>(103,864)</u>	<u>(89,107)</u>	<u>(138,374)</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered payroll (fiscal year)	\$ 1,080,422	\$ 1,254,656	\$ 563,019	\$ 860,369	\$ 1,375,505	\$ 1,017,090
Contributions as a percentage of covered payroll	4.32%	6.25%	17.56%	12.07%	6.48%	13.60%

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

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER'S PENSION AND ANNUITY FUND
LAST SIX FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,					
	2017	2018	2019	2020	2021	2022
State's proportion of the net pension liability attributable of the Charter School	0.0129349%	0.01076024%	0.01299832%	0.01422600%	0.01550293%	0.01974677%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 6,537,215	\$ 7,254,944	\$ 8,267,981	\$ 8,771,297	\$ 10,208,496	\$ 9,493,299
Charter School's covered payroll (plan measurement period)	\$ 4,209,720	\$ 2,744,160	\$ 2,025,078	\$ 2,640,370	\$ 2,571,196	\$ 2,979,809
Charter School's proportionate share of the net pension liability as a percentage of it's covered payroll	155.29%	264.38%	408.28%	332.20%	397.03%	318.59%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	22.33%	25.41%	26.95%	32.62%	35.53%

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

***SCHEDULE M – SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
OPEB (GASB 75)***

Thomas Edison EnergySmart Charter School
Required Supplementary Information Schedules
Schedule of Changes in the Charter School's Net OPEB Liability and Related Ratios
Last Five Fiscal Years
(Unaudited)

	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
OPEB Liability at Beginning of Measurement Period	\$ 1,870,227	\$ 1,940,554	\$ 1,634,323	\$ 1,634,323	\$ 4,202,625
Service cost	427,500	353,571	366,679	404,906	823,177
Interest on Total OPEB Liability	64,873	81,381	76,500	70,479	108,269
Effect on Changes of Benefit Terms	-	-	-	-	(4,442)
Difference between expected and actual experience	-	(511,445)	(409,096)	1,386,562	(877,563)
Effect of Changes of Assumptions	(378,754)	(187,547)	24,511	767,675	4,118
Contributions - Employee	1,655	1,510	1,496	2,218	2,768
Gross Benefits Paid by the State	(44,947)	(43,701)	(50,464)	(73,164)	(85,286)
	<u>70,327</u>	<u>(306,231)</u>	<u>9,626</u>	<u>2,558,676</u>	<u>(28,959)</u>
Net Change in Total OPEB Liability					
OPEB Liability at Beginning of Measurement Period	<u>1,870,227</u>	<u>1,940,554</u>	<u>1,634,323</u>	<u>1,643,949</u>	<u>4,202,625</u>
Total OPEB Liability at End of Measurement Period	<u>1,940,554</u>	<u>1,634,323</u>	<u>1,643,949</u>	<u>4,202,625</u>	<u>4,173,666</u>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule:

Changes in benefit terms: The \$63,870,842 decrease in liability from June 20, 2020 to June 30, 2021 is due to employers adopting Chapter 44 provisions.

Differences Between Expected and Actual Experiences: The \$11,385,071,658 decrease in the liability from June 30, 2020 to June 30, 2021 is due to changes in the census claims

Update in census information	\$ (591,982,074)
Premium and Claims Experience	(10,793,089,584)
Total	<u>\$ (11,385,071,658)</u>

Changes in Assumptions:

The \$59,202,105 increase in the liability from June 30, 2020 to June 30, 2021 is due to the combined effect of the following:

Trend Update	\$ 141,651,103
Mortality Projection Scale Update	270,835,004
Discount Rate Change	536,297,378
Salary Scale	(889,581,380)
Total Changes in Assumption	<u>\$ 59,202,105</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION III

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR FISCAL YEAR ENDED JUNE 30, 2022

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate remained at 7.00% as of June 30, 2020 and June 30, 2021 in accordance with Paragraph 44 of GASB Statement No. 67.

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHER'S PENSION AND ANNUITY FUND
FOR FISCAL YEAR ENDED JUNE 30, 2022

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 5.60% as of June 30, 2020 to 7.00% as of June 30, 2021 in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

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

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

THOMAS EDISON ENERGYSMART CHARTER SCHOOL

Special Revenue Fund
 Combining Schedule of Program Revenues - Budgetary Basis
 For the Fiscal Year Ended June 30, 2022

	NCLB Title I	ID.E.A. Part B	ID.E.A. Part A	NCLB Title II Part A	NCLB Title IV	CARES Emergency Relief	Student /Athletics Fund	CRRSA Acceleration Grant	ARP Esser Title II Health Support	Preschool and School Security	ARP Esser Title II Learning Coach	ARP Esser Title II Day Activities	CRRSA Health Grant	ARP Esser Learning and Enrichment	Grand Total
REVENUE SOURCES:															
Special	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,188	\$ -	\$ -	\$ 31,265	\$ -	\$ -	\$ -	\$ -	\$ 48,188
Federal	68,386	99,245	26,898	13,846	10,000	2,108	2,108	93,833	45,000	31,265	18,500	13,138	37,000	123,756	588,353
Total Revenues	68,386	99,245	26,898	13,846	10,000	2,108	48,188	93,833	45,000	31,265	18,500	13,138	37,000	123,756	667,816
EXPENDITURES:															
Instruction:															
Salaries of Teachers	47,149	35,000	15,119					13,393				9,000	16,845	48,700	97,288
Professional Services			3,758	8,501	10,000			4,775	8,750		18,500		17,875	36,054	84,253
Other Purchased Services			845	5,345		2,108		6,300						17,145	17,145
General Supplies			265					521,143						17,256	76,959
Textbooks															2,764
Total Instruction	47,149	35,000	20,094	13,846	10,000	2,108		58,443	8,750		18,500	9,000	35,720	93,810	379,658
Support Services:															
Salaries of Teachers - Employee Benefits	21,217	30,445						5,357	25,000			4,138			58,445
Other Purchased Services			6,804					32,890	11,200	31,265				4,138	84,104
Supplies and Materials								2,500						29,946	94,101
Total Support Services	21,217	30,445	6,804					42,853	36,200	31,265		4,138		29,946	262,813
Total Expenditures	68,386	99,245	26,898	13,846	10,000	2,108	48,188	93,833	45,000	31,265	18,500	13,138	37,000	123,756	662,471
Total Outflows	68,386	99,245	26,898	13,846	10,000	2,108	48,188	93,833	45,000	31,265	18,500	13,138	37,000	123,756	662,471
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,345	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,345

**SECTION G – PROPRIETARY FUNDS
DETAIL STATEMENTS**

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

Food Services Fund – The fund provides for the operation of food services in all schools within the Charter School.

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

***SECTION H – FIDUCIARY FUNDS
(NOT APPLICABLE)***

STATISTICAL SECTION (UNAUDITED)

Thomas Edison EnergySmart Charter School has been in operation for (10) ten years. GASB requires that ten years of statistical data be presented. State law usually grants charters for less than ten years. Therefore, only statistical data for (10) ten years is available and has been presented. Each year thereafter, an additional year's data will be included until ten years of data is presented.

Contents

Financial Trends

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

Revenue Capacity (Not Applicable to Charter School)

These schedules contain information to help the reader assess the Charter School'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.

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

FINANCIAL TRENDS

THOMAS EDISON ENERGYSMART CHARTER SCHOOL

Net Position by Component
Last Nine Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities									
Net Investment in Capital Assets	\$ 6,593,140	\$ 632,863	\$ 778,184	\$ 850,845	\$ 923,506	\$ -	\$ -	\$ -	\$ -
Restricted	(106,232)	-	-	-	-	-	-	-	-
Unrestricted	(1,209,957)	2,495,612	379,469	(21,902)	91,433	1,625,304	1,388,438	1,245,555	754,230
Total Governmental Activities Net Position	\$ 5,276,951	\$ 3,128,475	\$ 1,157,653	\$ 828,943	\$ 1,014,939	\$ 1,625,304	\$ 1,388,438	\$ 1,245,555	\$ 754,230
Business-Type Activities									
Unrestricted	\$ 81,649	2,929	\$ 90,564	\$ 87,053	\$ 90,927	59,470	64,993	53,237	11,812
Total Business-Type Activities Net Position	\$ 81,649	\$ 2,929	\$ 90,564	\$ 87,053	\$ 90,927	\$ 59,470	\$ 64,993	\$ 53,237	\$ 11,812
Charter School-wide									
Net Investment in Capital Assets	\$ 6,593,140	\$ 632,863	\$ 778,184	\$ 850,845	\$ 923,506	\$ -	\$ -	\$ -	\$ -
Restricted	(106,232)	-	-	-	-	-	-	-	-
Unrestricted	(1,128,308)	2,498,541	470,033	65,151	182,360	1,684,774	1,453,431	1,298,792	766,042
Total Charter School-wide Net Position	\$ 5,358,600	\$ 3,131,404	\$ 1,248,217	\$ 915,996	\$ 1,105,866	\$ 1,684,774	\$ 1,453,431	\$ 1,298,792	\$ 766,042

Source: Annual Comprehensive Financial Report

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
 Changes in Net Position
 Last Nine Fiscal Years
(accrual basis of accounting)
 Unaudited

	Fiscal Year Ending June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses									
Governmental Activities:									
Instruction	\$ 4,070,180	\$ 3,209,069	\$ 2,737,551	\$ 2,311,840	\$ 2,387,217	\$ 1,867,532	\$ 1,641,953	\$ 1,292,254	\$ 1,152,807
Administration	3,381,922	2,660,743	1,997,111	1,979,769	888,203	744,866	475,208	372,854	338,790
Support Services	1,730,519	2,228,215	2,144,252	2,137,695	1,960,585	1,010,051	969,028	736,575	547,699
Capital Outlay	-	-	-	-	-	50,000	100,000	13,671	-
Interest on Long-Term Debt	414,160	-	-	-	-	-	-	-	-
Unallocated	742,360	72,660	72,661	72,661	36,330	-	-	-	-
Total Governmental Activities Expenses	10,339,141	8,170,687	6,951,575	6,501,965	5,272,335	3,672,449	3,186,189	2,415,354	2,039,296
Business-Type Activities:									
Food Service and School Store	577,788	98,217	360,776	360,380	85,281	80,752	71,905	52,105	58,520
Total Business-Type Activities Expenses	577,788	98,217	360,776	360,380	85,281	80,752	71,905	52,105	58,520
Total Charter School Expenses	\$ 10,916,929	\$ 8,268,904	\$ 7,312,351	\$ 6,862,345	\$ 5,357,616	\$ 3,753,201	\$ 3,258,094	\$ 2,467,459	\$ 2,097,816
Program Revenues									
Governmental Activities:									
Charges for Services	\$ 48,198	\$ 5,671	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Grants and Contributions	339,416	263,236	-	-	-	-	-	-	-
Total Governmental Activities Expenses	387,614	268,907	-	-	-	-	-	-	-
Business-Type Activities:									
Charges for Services	650,082	-	\$ 362,150	\$ 355,376	\$ 81,805	\$ 52,103	\$ 52,695	\$ 42,360	\$ 87,124
Total Business-Type Activities Expenses	650,082	-	362,150	355,376	81,805	52,103	52,695	42,360	87,124
Total Charter School Program Revenues	\$ 1,037,696	\$ 268,907	\$ 362,150	\$ 355,376	\$ 81,805	\$ 52,103	\$ 52,695	\$ 42,360	\$ 87,124
Net (Expense)/Revenue									
Governmental Activities	\$ (9,951,527)	\$ (7,901,780)	\$ (6,951,575)	\$ (6,501,965)	\$ (5,272,335)	\$ (3,672,449)	\$ (3,186,189)	\$ (2,415,354)	\$ (2,039,296)
Business-Type Activities	72,294	(98,217)	1,374	(5,004)	(3,476)	(28,649)	(19,210)	(9,745)	28,604
Total Charter School-wide Net Expense	\$ (9,879,233)	\$ (7,999,997)	\$ (6,950,201)	\$ (6,506,969)	\$ (5,275,811)	\$ (3,701,098)	\$ (3,205,399)	\$ (2,425,099)	\$ (2,010,692)
General Revenues and Other Changes in Net Assets/Position									
Governmental Activities:									
General Purposes	\$ 6,955,017	\$ 6,673,048	\$ 5,382,173	\$ 4,636,573	\$ 4,150,205	\$ -	\$ -	\$ -	\$ -
Federal and State Aid Not Restricted	3,993,583	2,747,271	1,861,280	1,668,075	948,238	710,818	468,867	443,808	872,898
Investment Earnings	149	1,345	-	-	545	-	-	-	-
Miscellaneous Income	1,106,772	35,758	36,832	11,322	9,295	3,198,497	2,860,205	2,462,871	1,920,628
Total Governmental Activities	12,055,521	9,457,422	7,280,285	6,315,970	5,108,283	3,909,315	3,329,072	2,906,679	2,793,526
Business-Type Activities:									
Miscellaneous Income	6,426	720	2,137	1,130	168,884	112,434	90,634	77,779	32,751
Transfers	-	-	-	-	-	-	100	-	-
Total Business-Type Activities	6,426	720	2,137	1,130	168,884	112,434	90,734	77,779	32,751
Total Charter School-wide	\$ 12,061,947	\$ 9,458,142	\$ 7,282,422	\$ 6,317,100	\$ 5,277,167	\$ 4,021,749	\$ 3,419,806	\$ 2,984,458	\$ 2,826,277
Change in Net Assets/Position									
Governmental Activities	\$ 2,103,994	\$ 1,555,642	\$ 328,710	\$ (185,995)	\$ (164,052)	\$ 236,866	\$ 142,883	\$ 491,325	\$ 754,230
Business-Type Activities	78,720	(97,497)	3,511	(3,874)	165,408	83,785	71,524	68,034	61,355
Total Charter School	\$ 2,182,714	\$ 1,458,145	\$ 332,221	\$ (189,869)	\$ 1,356	\$ 320,651	\$ 214,407	\$ 559,359	\$ 815,585

Source: Annual Comprehensive Financial Report

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
 Fund Balances - Governmental Funds
 Last Nine Fiscal Years
(modified accrual basis of accounting)
 Unaudited

	Fiscal Year Ending June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund									
Restricted	\$ (115,013)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	\$ 6,603,144	\$ 4,369,655	\$ 1,497,928	\$ 724,333	\$ 537,646	\$ 1,625,204	\$ 1,388,438	\$ 1,245,555	\$ 754,230
Total General Fund	\$ 6,488,131	\$ 4,369,655	\$ 1,497,928	\$ 724,333	\$ 537,646	\$ 1,625,204	\$ 1,388,438	\$ 1,245,555	\$ 754,230
All Other Governmental Funds									
Restricted	\$ 15,709	\$ -	\$ -	\$ -	\$ -	\$ (4,402)	\$ -	\$ -	\$ -
Total All Other Governmental Funds	\$ 15,709	\$ -	\$ -	\$ -	\$ -	\$ (4,402)	\$ -	\$ -	\$ -

Source: Annual Comprehensive Financial Report

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
 Changes in Fund Balances - Governmental Funds
 Last Nine Fiscal Years
 (modified accrual basis of accounting)
 Unaudited

Fiscal Year Ending June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:									
Local Sources:									
Local Tax Levy	\$ 6,955,017	\$ 6,673,048	\$ 5,382,173	\$ 4,636,573	\$ 4,150,205	\$ 3,198,497	\$ 2,860,205	\$ 2,462,871	\$ 1,920,628
Interest In Investments	149	-	-	-	545	-	-	-	-
Miscellaneous	1,096,249	41,429	36,832	11,322	9,295	-	-	-	-
Student Activities	48,198	5,671	-	-	-	-	-	-	-
Employee Unemployment Fund Contributions	10,523	-	-	-	-	-	-	-	-
State Sources	2,691,528	2,068,966	1,343,643	1,049,979	999,480	642,008	432,965	360,209	371,489
Federal Sources	588,353	251,413	142,817	135,449	84,432	68,810	35,902	83,599	501,409
Total Revenues	11,390,017	9,040,527	6,905,465	5,833,323	5,243,957	3,909,315	3,329,072	2,906,679	2,793,526
Expenditures:									
Instruction	3,492,351	2,752,698	2,281,180	1,989,011	2,235,983	1,576,931	1,426,489	1,094,572	1,054,206
Administration	3,182,188	2,690,455	1,856,347	1,643,508	1,278,921	1,127,531	750,758	630,787	466,742
Support Services	2,475,061	2,078,306	1,994,343	2,014,116	1,842,449	918,087	908,942	676,324	518,348
Capital Outlay	6,702,637	-	-	-	974,162	50,000	100,000	13,671	-
Total Expenditures	15,852,237	7,521,459	6,131,870	5,646,635	6,331,515	3,672,549	3,186,189	2,415,354	2,039,296
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,462,220)	1,519,068	773,595	186,688	(1,087,558)	236,766	142,883	491,325	754,230
Other Financing Sources (Uses):									
Transfers	6,702,637	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	6,702,637	-	-	-	-	-	-	-	-
Net Change in Fund Balance	\$ 2,240,417	\$ 1,519,068	\$ 773,595	\$ 186,688	\$ (1,087,558)	\$ 236,766	\$ 142,883	\$ 491,325	\$ 754,230
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Annual Comprehensive Financial Report

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
 General Fund - Other Local Revenue by Source
 Last Nine Fiscal Years
(modified accrual basis of accounting)
 Unaudited

Fiscal Year Ending June 30,	Miscellaneous Revenue	Annual Total
2022	1,106,772	\$ 1,106,772
2021	35,758	35,758
2020	30,310	30,310
2019	36,832	36,832
2018	11,322	11,322
2017	9,295	9,295
2016	-	-
2015	-	-
2014	-	-

Source: Charter School records

OPERATING INFORMATION

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
 Full-Time Equivalent Charter School Employees by Function
 Last Ten Years

Function	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Instruction	51	51	45	34	34	25	25	25	17	14
Administrative	6	6	6	5	5	4	4	4	4	3
Support Services	14	14	12	13	14	9	9	9	6	6
Total	71	71	63	52	53	38	38	38	27	23

Source: Charter School Personal Records

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
 Operating Statistics
 Last Nine Years

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	Percent Change in Average Daily Enrollment	Student Attendance Percentage
						Middle School	School				
2022	598	\$ 9,149,600	\$ 15,300	-1.67%	51	12:1	12:1	598	542	1.70%	92.18%
2021	588	\$ 9,149,600	\$ 15,561	14.61%	51	12:1	12:1	588	542	6.14%	97.83%
2020	554	7,521,459	\$ 13,577	2.69%	45	12:1	12:1	554	542	8.84%	97.25%
2019	509	6,729,549	\$ 13,221	1.55%	34	12:1	12:1	509	495	8.07%	100.00%
2018	471	6,131,870	\$ 13,019	-2.01%	34	12:1	12:1	471	471	10.82%	100.00%
2017	425	5,646,635	\$ 13,286	5.40%	25	12:1	12:1	425	425	26.49%	97.92%
2016	425	5,357,353	\$ 12,606	16.92%	25	18:1	18:1	336	329	-0.03%	97.89%
2015	336	3,622,549	\$ 10,781	0.00%	25	15:1	15:1	336.1	329	14.51%	98.13%
2014	294	3,086,189	\$ 10,497	N/A	14	15:1	15:1	293.5	288	16.28%	97.46%
2013	252	2,401,683	\$ 9,530	N/A	14	N/A	N/A	252.4	246	0.00%	0.00%

Sources: Charter School records

Note: Enrollment based on annual final Charter School count.

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

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

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

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
 School Building Information
 Last Eight Years

	2022	2021	2020	2019	2018	2017	2016	2015
Charter School Building								
<u>Middle School</u>								
Square Feet	60000	60,000	60,000	60,000	60,000	20,000	20,000	12,000
Capacity (students)	650	526	526	526	476	426	336	294
Enrollment	598	510	510	510	469	425	336	293

Number of Schools at June 30, 2022
 Middle School = 1

THOMAS EDISON ENERGYSMART CHARTER SCHOOL

Insurance Schedule

June 30, 2022

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package - NJSIG:		
Property - Blanket Building and Contents	\$500,000,000.00	\$1,000.00
Accounts Receivable	\$250,000.00	\$1,000.00
Automobile Physical Damage	None	None
Electronic Data Processing Equipment	\$200,000.00	\$1,000.00
Comprehensive General Liability - NJSIG:		
Occurrence Limit	\$11,000,000.00	None
Automobile Liability	\$11,000,000.00	None
Employee Benefit Liability	\$11,000,000.00	\$1,000.00
Worker's Compensation - NJSIG:		
Statutory Benefits	Included	
Employer's Liability	\$2,000,000.00	
Supplemental Indemnity Coverage	Included	7 Day Waiting Period
School Leaders Errors & Omissions - NJSIG:		
Limit Each Loss	\$11,000,000.00	\$5,000.00
Crime - NJSIG:		
Blanket Employee Dishonestly	\$250,000.00	\$1,000.00
Computer Fraud	\$250,000.00	\$1,000.00
Forgery	\$250,000.00	\$1,000.00
Theft/Disappearance/Destruction:		
Inside	\$50,000.00	\$500.00
Outside	\$50,000.00	\$500.00
Public Official Bonds - NJSIG:		
Board Secretary	\$180,000.00	\$500.00

Source: Charter School's Records

New Jersey Performance Framework, Financial Ratios
 Thomas Edison EnergySmart Charter School
 Audited Performance Indicators

J-21

	2020 Audit	2021 Audit	2022 Audit	Source
Cash	\$ 1,809,344	\$ 4,164,664	\$ 5,497,102	Audit: Exhibit A-1
Current Assets (include cash)	2,865,592	5,537,399	6,960,910	Audit: Exhibit A-1
Current Liabilities	126,084	1,271,047	375,421	Audit: Exhibit A-1
Total Expenses	7,954,573	8,850,401	10,916,929	Audit: Exhibit A-2
Change in Net Position	704,070	1,146,000	2,182,774	Audit: Exhibit A-2
Final Average Daily Enrollment (exclude PK)*	554.00	554.00	598.00	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)	550	554	598	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/note/bond payable:</i>				
Depreciation Expense				Auditor/Workpapers
Interest Expense				Auditor/Workpapers
Principal Payments				Auditor/Workpapers
Interest Payments				Auditor/Workpapers

Performance Indicators	2020	2021	2022	3 YR CUM	Calculation****	Target****
Near-Term Indicators						
Ia. Current Ratio (working capital ratio)	22.7	4.4	18.5		Current Assets/Current Liabilities	> 1.1 or between 1.0-1.1 with positive trend
Ib. Unrestricted days cash on hand	83	172	184		Cash (Total Expenses/365)	60 days or 30-60 days with positive trend
Ic. Enrollment Variance	101%	100%	100%	100%	Average Daily Enrollment/Budgeted Enrollment	>95% or >95% for 3 yr cum
Id.** Default on loans or delinquent in debt payments	NO	NO	NO		Auditor	not in default
Sustainability Indicators						
2a*** 3 Year Cumulative Cash Flow	1,809,344	2,355,320	1,332,438	5,497,102	Net change in cash flow from prior years	3 yr cum positive with most recent year positive
2b Debt Service Coverage Ratio	N/A	N/A	N/A	N/A	N/A or (Change in Net Position + depreciation + interest expense) / (principal + interest payments)	>1.10

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

Meets Standard
 Does Not Meet Standard
 Falls Far Below Standard

SINGLE AUDIT SECTION

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

(908) 686-3484

FAX – (908) 686-6055

www.cpa-bc.com ♦ info@cpa-bc.com

K-1
Page 1

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

INDEPENDENT AUDITORS’ REPORT

Honorable President and
Members of the Board of Trustees
Thomas Edison EnergySmart Charter School
County of Somerset
Somerset, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and each major fund of Thomas Edison EnergySmart Charter School (Charter School), in the County of Somerset, State of New Jersey, as of and for the fiscal year ended June 30, 2022, 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, and have issued our report thereon dated February 10, 2023, which contains an emphasis of matter paragraph describing the adoption of a new accounting principle, consistency of financial statements, and prior period adjustment.

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 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 weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. However, material weakness may exist that have not been identified.

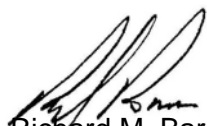
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and the Office of School Finance, Department of Education, State of New Jersey and state awarding agencies and pass-through entities in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


Richard M. Barre
Public School Accountant
License Number CS-01181

Union, New Jersey
February 10, 2023

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

(908) 686-3484

FAX – (908) 686-6055

www.cpa-bc.com ♦ info@cpa-bc.com

K-2
Page 1

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH NEW JERSEY CIRCULAR
15-08 OMB AND UNIFORM GUIDANCE**

Honorable President and
Members of the Board of Trustees
Thomas Edison EnergySmart Charter School
County of Somerset
Somerset, New Jersey

Report on Compliance for Each Major State and Federal Program.

Opinion on Each Major State and Federal Program

We have audited the Thomas Edison EnergySmart Charter School's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey Circular 15-08- OMB State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2022. The Thomas Edison EnergySmart Charter School's major state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs.

In our opinion, the Thomas Edison EnergySmart Charter School, in the County of Somerset, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state [and Federal] programs for the fiscal year ended June 30, 2022.

Basis for Opinion on Each Major State [and Federal] Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under

those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Thomas Edison EnergySmart Charter School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state and Federal program. Our audit does

not provide a legal determination of Thomas Edison EnergySmart Charter School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Thomas Edison EnergySmart Charter School's State and Federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Thomas Edison EnergySmart Charter School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Thomas Edison EnergySmart Charter School's compliance with the requirements of each major State and Federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the Office of School Finance, Department of Education, State of New Jersey; and New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Thomas Edison EnergySmart Charter School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Thomas Edison EnergySmart Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance and the New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid but not for the purpose of expressing an opinion on the effectiveness of Thomas Edison EnergySmart Charter School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.


Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 and New Jersey Circular OBM 15-08. Accordingly, this report is not suitable for any other purpose.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


Richard M. Barre
Public School Accountant
License Number CS-01181

Union, New Jersey
February 10, 2023

THOMAS EDSON ENERGYSMART CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

Federal Award Listing Number	Federal Award Identification	Federal FAN Number	Grant (s) State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2021	Committed/ (Waiver) Amount	Cash Received	Budgetary Expenditures	Passed Through To Sub-Recipients	Adjustments	Repayment Of Prior Years' Balances	Accounts Receivable	Balance at June 30, 2022 Unexpended Revenue	Due to Grantor
U.S. Department of Education															
Passed-through State Department of Education															
No Child Left Behind															
84-010A	N/A	S0010A220030	NCLB - 6081 - 22	\$ 68,366	7/1/21	6/30/22	\$ -	\$ -	\$ (66,366)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
84-010A	N/A		NCLB - 6081 - 21	(1,865)	9/1/20	8/31/21	(1,865)							(1,865)	
84-387A	84-387A		NCLB - 6081 - 22	13,846	7/1/21	6/30/22	(3,025)		(13,846)					(13,846)	
84-186A	84-186A	S33A4220031	NCLB - 6081 - 22	10,000	7/1/21	6/30/22	(4,890)		(10,000)					(10,000)	
									(92,212)					(92,212)	
Special Education Cluster (IDEA)															
84-027	84-027A	H027A220031	IDEA - 6081 - 22	90,245	7/1/21	6/30/22	-		(90,245)					(90,245)	
84-027	84-027X	H027A220100	IDEA - 6081 - 22	26,898	7/1/21	9/30/22	-		(26,898)					(26,898)	
									(726,143)					(726,143)	
New Jersey Department of Education															
COVID-19 CARES Emergency Relief															
84-425	COVID-19, 84-425D	S425D210027	N/A	38,980	3/13/20	9/30/22	-		(2,108)					(2,108)	
84-425	COVID-19, 84-425D	S425D210027	N/A	116,645	3/13/20	9/30/23	-		(93,833)					(93,833)	
84-425	COVID-19, 84-425D	S425D210027	N/A	25,000	3/13/20	9/30/23	-		(23,525)					(23,525)	
84-425	COVID-19, 84-425U	S425D210027	N/A	45,000	3/13/20	9/30/24	-		(45,000)					(45,000)	
84-425	COVID-19, 84-425U	S425D210027	N/A	58,976	3/13/20	9/30/24	-		(16,500)					(16,500)	
84-425	COVID-19, 84-425U	S425D210027	N/A	40,000	3/13/20	9/30/24	-		(13,138)					(13,138)	
84-425	COVID-19, 84-425D	S425D210027	N/A	45,000	3/13/20	9/30/23	-		(37,000)					(37,000)	
84-425	COVID-19, 84-425U	S425D210027	N/A	387,680	3/13/20	9/30/24	-		(123,756)					(123,756)	
84-425	COVID-19, 84-425U	S425D210027	N/A	40,000	3/13/20	9/30/24	-		(13,138)					(13,138)	
									(369,998)					(369,998)	
							(4,890)		(596,353)					(593,245)	
Total Special Revenue Fund															
U.S. Department of Agriculture															
Passed-through State Department of Agriculture															
Enterprise Fund:															
10-553	COVID-19 School Breakfast Program	221N304N1989	N/A	41,089	7/1/21	6/30/22	(4,084)	17,303	(41,039)					(23,736)	
10-555	COVID-19 National School Lunch Program	221N304N1989	N/A	306,211	7/1/21	6/30/22	(4,054)	306,211	(306,211)					(306,211)	
	Total Child Nutrition Cluster:							327,588	(347,250)					(23,736)	
							(4,084)	327,588	(347,250)					(23,736)	
	Total Enterprises Fund						(8,974)	327,588	(356,603)					(616,979)	
	Sub-Total Federal Financial Awards						(8,974)	327,588	(356,603)					(616,979)	

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

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2022

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2021		Canyover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years Balance	Balance at June 30, 2022		MEMO
			From	To	Unearned Revenue (Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Unearned Revenue/ Interfund Payable	
State Department of Education													
General Fund:													
State Aid-Public													
22-495-034-5120-078		1,081,832	7/1/21	6/30/22				345,481	(1,081,832)		(736,351)		1,081,832
21-495-034-5120-078		-	7/1/20	6/30/21	(1,270,809)		1,270,809						
22-495-034-5120-089		102,697	7/1/21	6/30/22				102,697	(102,697)				102,697
Security Aid		92,665	7/1/21	6/30/22				92,665	(92,665)				92,665
Total State Aid- Public		1,277,194			(1,270,809)		1,811,652	(1,277,194)			(736,351)		1,277,194
Nonpublic Aid		-	7/1/21	6/30/22									
On-Behalf TPAF Long-Term Disability Contributions		985	7/1/21	6/30/22				985	(985)				985
On-Behalf TPAF Post-Retirement Medical Contributions		216,922	7/1/21	6/30/22				216,922	(216,922)				216,922
On-Behalf TPAF Pension Contributions		928,443	7/1/21	6/30/22				928,443	(928,443)				928,443
Reimbursed TPAF - Social Security Contributions		236,719	7/1/21	6/30/22				236,719	(236,719)		(11,431)		236,719
Total General Fund		-			(1,270,809)		3,183,290	(2,690,293)			(747,782)		2,690,293
Special Revenue Fund:													
Preschool and Charter School Security	21E00257	31,265	7/1/21	9/30/23					(31,265)		(31,265)		31,265
Total Special Revenue Fund													
Enterprise Fund:													
National School Lunch Program (State Share)	22-100-010-3350-023	7,210	7/1/21	6/30/22	(4,084)		6,738	(7,210)			(482)		7,210
National School Lunch Program (State Share)	21-100-010-3350-023	1,553	7/1/20	6/30/21			4,084						
Total Enterprise Fund					(4,084)		10,812	(7,210)			(482)		7,210
Total State Financial Assistance					\$ (1,274,893)		\$ 3,194,102	\$ (2,698,738)			\$ (778,529)		\$ 2,698,738
State Financial Assistance Not Subject To Major Program Determination:													
On-Behalf TPAF Long-Term Disability Contributions	22-495-034-5094-004	985	7/1/21	6/30/22					(985)				985
On-Behalf TPAF Post-Retirement Medical Contributions	21-495-034-5094-001	216,922	7/1/21	6/30/22					(216,922)				216,922
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	928,443	7/1/21	6/30/22				928,443	(928,443)				928,443
Total State Financial Assistance Subject To Single Audit								\$ (3,845,088)					

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to Schedules of Expenditures
Of Federal Awards and State Financial Assistance
June 30, 2022

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in these schedules are presented in accordance with the requirements of 2 CFR 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements. This does not apply to charter schools as districts are not permitted to defer the June payments to charter schools.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2022

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	2,660,263	\$ 2,660,263
Special Revenue Fund	588,353	31,265	619,618
Food Service Fund	347,250	7,210	354,460
Total Awards & Financial Assistance	<u>\$ 935,603</u>	<u>\$ 2,698,738</u>	<u>\$ 3,634,341</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOAN OUTSTANDING

Thomas Edison EnergySmart Charter School has no loan balances outstanding at June 30, 2022.

NOTE 6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2022. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2022.

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2022

NOTE 7. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

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

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in Uniform Guidance; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. This being the first year of operations for the charter school, there were no such schoolwide programs.

Program	Total	2021
Title I, Part A: <i>Grants to Local Education Agencies</i>	\$ 68,366	54,082.00
Title II, Part A: <i>Teacher and Principal Training and Recruiting</i>	13,846	12,453.00
Total	\$ 82,212	\$ 66,535

NOTE 9. MAJOR PROGRAMS

Major programs are identified in the Summary of Auditors Results section of the Schedule of Findings and Questioned Costs.

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended **June 30, 2022**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued on financial statements		<u>Unmodified</u>
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ Yes	_X_ No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	None _X_ Reported
Noncompliance material to basic financial statements noted?	_____ Yes	_X_ No

Federal Awards

Internal control over major programs:		
1) Material weakness(es) identified?	_____ Yes	_X_ No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	None _X_ Reported
Type of auditors’ report issued on compliance for major programs		<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04?	_____ Yes	_X_ No

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
<u>10.553</u> <u>10.555</u>	<u>CHILD NUTRITION PROGRAM CLUSTER</u> <u>School Breakfast Program</u> <u>National Lunch Program</u>
<u>84.425D</u> <u>84.425D</u> <u>84.425D</u> <u>84.425D</u>	<u>EDUCATION STABILIZATION FUND</u> <u>COVID 19 Emergency Relief Fund</u> <u>CRRSA ESSER II</u> <u>CRRSA Learning Acceleration Grant</u> <u>CRRSA Mental Health Grant</u>
<u>84.425U</u> <u>84.425U</u> <u>84.425U</u> <u>84.425U</u> <u>84.425U</u>	<u>AMERICAN RESCUE PLAN (ARP) GRANTS::</u> <u>NJTSS Mental Health Support Staffing</u> <u>Accelerated Learning Coach</u> <u>Evidence Based Comprehensive Beyond The School Day</u> <u>Evidence Based Summer Learning and Enrichment</u> <u>ESSER</u>

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

Auditee qualified as low-risk auditee? _____ Yes _X_ No

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended **June 30, 2022**

Section I – Summary of Auditor’s Results

State Awards

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

Auditee qualified as low-risk auditee? Yes No

Internal control over major programs:

1) Material weakness(es) identified? Yes No

2) Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Type of auditors’ report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04? Yes No

Identification of major state programs:

GMIS Number(s)	Name of State Program
	STATE AID – PUBLIC
22-495-034-5120-078	EQUALIZATION AID
22-495-034-5120-089	SPECIAL EDUCATION CATEGORICAL AID
22-495-034-5120-084	SECURITY AID
22-495-034-5120-078	OTHER STATE AID

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended **June 30, 2022**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and fraud, noncompliance with provisions of laws, regulations, contracts and grant agreements related to financial statements for which *Government Auditing Standards* and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey requires.

No Current Year Findings.

Section III – Federal Awards and State Award Findings and Questioned Costs

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

No Current Year Findings.

THOMAS EDISON ENERGYSMART CHARTER SCHOOL
Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared By
Management
For the Fiscal Year Ended **June 30, 2022**

STATUS OF PRIOR YEAR FINDINGS

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Uniform Guidance and New Jersey OMB's Circular 15-08.

No Prior Year Findings