

ACHIEVE COMMUNITY CHARTER SCHOOL

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

JUNE 30, 2022

**PREPARED BY
Achieve Community Charter School**

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

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ACHIEVE COMMUNITY
CHARTER SCHOOL
BRICK EDUCATION NETWORK

Achieve Community
Charter School

534 Clinton Avenue
Newark, NJ 07108

(973) 556.7070

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

Dear Board Members:

We are pleased to present to you the Annual Comprehensive Financial Report (ACFR) of the Achieve Community Charter School (Charter School) for the fiscal year ended June 30, 2022. This ACFR includes the Charter School's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34.

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

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

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

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

Charter School Organization

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

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

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

The Charter School provides a full range of educational services appropriate to grade levels K through 8. These include both regular and special education programs. As of June 30, 2022, the Charter School's final head count was 450 students.

2. **MAJOR INITIATIVES:** The following are the major initiatives successfully implemented at the Charter School for 2021-2022 school year:

The major initiatives are addressing unfinished learning following virtual instruction during the 21/22 school year. This included ensuring that students had opportunities to be provided instruction in standards they were not yet proficient in. In addition, the school had to ensure that students had consistent instruction during the school year with staff shortages due to the ongoing pandemic. In addition, the school made to ensure the health and safety of students, staff and families was upheld by providing personal protective equipment (PPE) as well as rigorous cleaning and sanitizing protocols.

Social emotional learning and support was further strengthened through the second year of implementation of the SEL Curriculum Positive Action. Additional support services to students were provided through the MTSS system along with resources for staff to utilized to transition back to in person learning.

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.

3. INTERNAL ACCOUNTING CONTROLS – CONTINUED

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

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

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

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

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

5. **ACCOUNTING SYSTEM AND REPORTS:** The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by Governmental Accounting Standards Board (GASB). The accounting system of the Charter School is organized on the basis of funds each of which maintains a self-balancing set of accounts. These funds are explained in the "Notes to the Basic Financial Statements."

6. **DEBT ADMINISTRATION:** At June 30, 2022, the Charter School has no outstanding debt.

7. **CASH MANAGEMENT:** The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Basic Financial Statement" Notes 1 and 3. The Charter School had adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance and fidelity bonds.

9. OTHER INFORMATION:

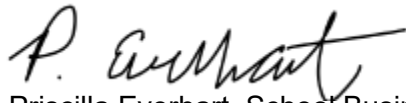
Independent Audit

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

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

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

Respectfully submitted,



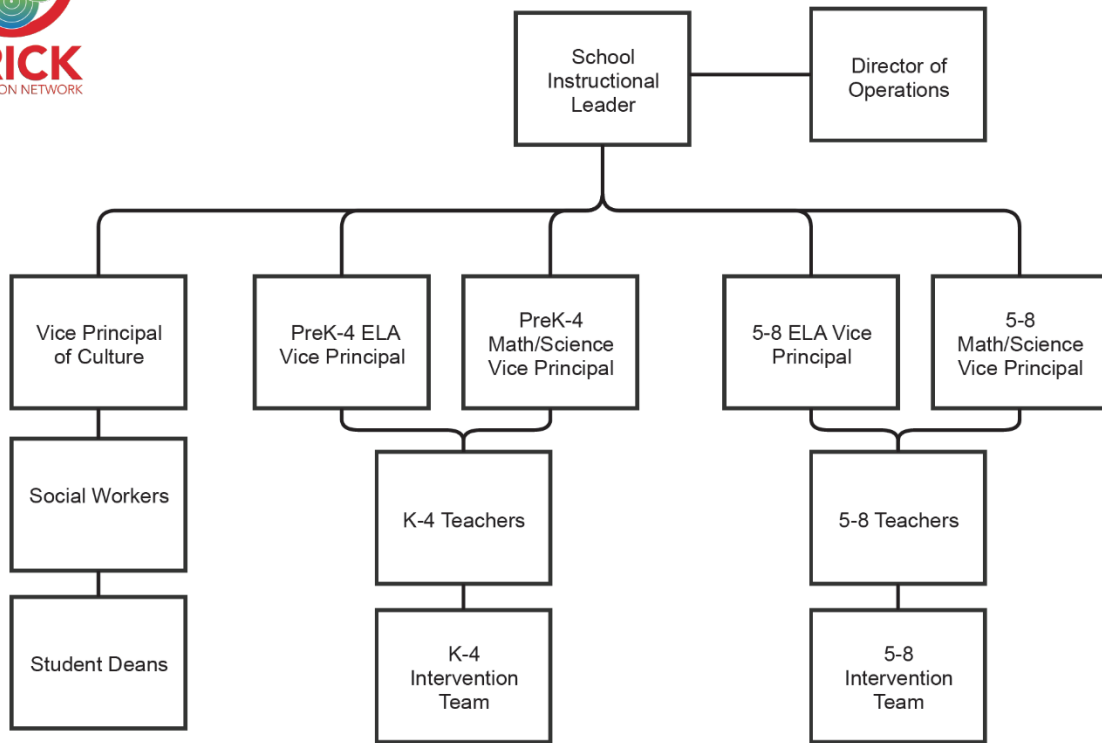
Priscilla Everhart, School Business Administrator
Achieve Community Charter School

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

ORGANIZATIONAL CHART



BRICK Education Network PreK-8 School Leadership Structure





Achieve Community
Charter School

534 Clinton Avenue
Newark, NJ 07108

(973) 556.7070

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

ROSTER OF OFFICIALS

JUNE 30, 2022

Board of Trustees

MEMBERS OF THE BOARD OF TRUSTEES	TERM
Sally Booth, Board Chair	June 30, 2022
Ronald Augustin, Vice Chair	June 30, 2023
Sonia Rodrigues-Martó, Trustee	June 30, 2023
Dana Moore, Trustee	June 30, 2022
Wynda Garcia, Trustee	June 30, 2025

OTHER OFFICIALS

Dominique Lee, Founder and Chief Executive Officer

Christopher Perpich, Chief School Administrator

Gwen Martinez, Managing Director of Finance until June 30, 2022

Christopher Lessard, Board Secretary/Business Administrator until June 30, 2022

Priscilla Everhart, Board Secretary/Business Administrator starting July 1, 2022

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

CONSULTANTS AND ADVISORS

Independent Auditors

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

Attorneys

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

Official Depositories

Provident Bank
1220 Green St
Iselin, NJ 08830

M&T Bank
45 Eisenhower Dr
Paramus, NJ 07012

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

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Achieve Community Charter School (the Charter School), in the County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 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, each major fund, and the aggregate remaining fund information of the Achieve Community Charter School in the County of Essex, State of New Jersey as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 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 the 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements during the fiscal year ended June 30, 2022, the Charter School adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 the 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 generally accepted auditing standards, the *Government Auditing Standards* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey 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 generally accepted auditing standards, the *Government Auditing Standards* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, 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 the 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 the Charter School's ability to continue as a going concern for a reasonable period of time.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

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 and the information listed under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Charter School's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance (Schedules) are also presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Letter Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report for the year ended June 30, 2022. 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*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2023 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Charter School's internal control over financial reporting and compliance.



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



Galleros Robinson CPAs, LLP
Certified Public Accountants

February 24, 2023
Cream Ridge, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION

PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Achieve Community Charter School's (the Charter School) financial performance provides an overall review of the Charter School's financial activities for the fiscal period ended June 30, 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.

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

Introduction

This section of the Charter School's annual financial report presents our discussion and analysis of the Charter School's financial performance and provides an overview of the Charter School's financial activities for the fiscal year ended June 30, 2022. It should be read in conjunction with the transmittal letter at the front of this report and the Charter School's financial statements, which follow this section.

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

Financial Highlights

Key Financial highlights for the fiscal year 2022 are as follows:

- In total, net position increased to \$1.0 million in 2022. The increase was mainly due to the increase in enrollment and cost saving measures during the year. It is partially offset by a decrease in net position of \$0.1 million at July 1, 2021 due to the adoption of GASB 87, *Leases*.
- General revenues accounted for \$7.37 million or 68% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$3.43 million or 32% of total revenues of \$10.80 million.
- The Charter School had \$9.66 million in expenses; only \$3.43 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$7.37 million was adequate to provide for these programs.
- Among governmental funds, the General Fund had \$8.27 million in revenues and \$6.83 million in expenditures and other financing uses. The General Fund's fund balance increased by \$1.44 million in 2022.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

Basic Financial Statements

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

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

Fund Financial Statements

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

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

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

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

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

Statement of Net Position and Statements of Activities

While this report contains the funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and asks the question, “how did we do financially during fiscal year 2022?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all the Charter School’s assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. These bases of accounting take into account all of the current year’s revenues and expenses regardless of when cash was received or paid.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

These two statements report the Charter School’s net position and changes in the net position. This change in net position is important because it identifies whether the financial position of the Charter School has improved or diminished for the Charter School as a whole. This change is the result of many factors some financial, some not. Financial factors represent increases in federal and state funding that resulted from the increase in enrollment noted for the fiscal year ended June 30, 2022. These factors are presented in our discussions on the Charter School as a whole. Non-financial factors include the property tax base of the School District where the Charter School is located, current educational funding laws in New Jersey, facilities conditions, required educational programs, and other factors. In the Statements of Net Position and the Statements of Activities, the Charter School is divided into two distinct kinds of activities:

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

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

Reporting the School Charter School’s Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Enterprise Fund

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

The Charter School as a Whole

The perspective of the Statement of Net Position is of the Charter School as a whole. The table below provides a summary of the Charter School's net position at June 30, 2022.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current Assets	\$ 3,384,364	\$ -	\$ 3,384,364
Right-of-use assets, net	<u>742,699</u>	<u>-</u>	<u>742,699</u>
Total Assets	<u>4,127,063</u>	<u>-</u>	<u>4,127,063</u>
Deferred Outflow of Resources			
	<u>2,375,072</u>	<u>-</u>	<u>2,375,072</u>
Liabilities			
Current Liabilities	1,123,938	-	1,123,938
Noncurrent liabilities	<u>2,544,633</u>	<u>-</u>	<u>2,544,633</u>
Total Liabilities	<u>3,668,571</u>	<u>-</u>	<u>3,668,571</u>
Deferred Inflow of Resources			
	<u>990,066</u>	<u>-</u>	<u>990,066</u>
Net Position			
Net investment in right of use assets, net of related debt	(105,247)	-	(105,247)
Restricted for:			
Student activities	2,615	-	2,615
Unrestricted	<u>1,946,130</u>	<u>-</u>	<u>1,946,130</u>
Total Net Position	<u>\$ 1,843,498</u>	<u>\$ -</u>	<u>\$ 1,843,498</u>

The total net position of the Charter School has increased by \$1.03 million during the current fiscal year. The increase in net assets for the year ended June 30, 2022 is net of the decrease \$0.1 million as prior period adjustment at July 1, 2021 due to the adoption of GASB 87, *Leases*. The table that follows reflects the change in net position for fiscal year 2022.

In 2022, total revenues amounted to \$10.74 million and total expenses amounted to \$9.59 million.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

	Governmental		Business-Type		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues:						
Charge for Services	\$ 1	\$ -	\$ -	\$ -	\$ 1	\$ -
Grants and Contributions	3,428,037	1,067,413	-	-	3,428,037	1,067,413
Total Program Revenues	3,428,037	1,067,413	-	-	3,428,038	1,067,413
General Revenues:						
Local sources	1,021,888	566,328	-	-	1,021,888	566,328
State aid	6,283,891	3,762,984	-	-	6,283,891	3,762,984
Contributions	-	70,675	-	-	-	70,675
Other financing sources	-	340,090	-	-	-	340,090
Transfer	(19,343)	(62,086)	19,343	62,086	-	-
Other	69,024	39,368	-	-	69,024	39,368
Total General Revenues	7,355,460	4,717,359	19,343	62,086	7,374,803	4,779,445
Total Revenues	10,783,497	5,784,772	19,343	62,086	10,802,841	5,846,858
Expenses:						
Instruction	5,160,496	2,877,453	-	-	5,160,496	2,877,453
Support Services:						
Administrative expenses	1,948,402	1,127,612	-	-	1,948,402	1,127,612
Other support expenses	2,115,294	1,036,908	-	-	2,115,294	1,036,908
Amortization of right-of-use assets	371,348	-	-	-	371,348	-
Capital outlay	41,532	-	-	-	41,532	-
Food service	-	-	19,343	36,115	19,343	36,115
Total Expenses	9,637,072	5,041,973	19,343	36,115	9,656,415	5,078,088
Changes in Net Position	1,146,425	742,799	-	25,971	1,146,426	768,770
Net position at beginning of year, as reported	818,382	-	-	-	818,382	-
Prior period adjustment	(121,309)	-	-	-	(121,309)	-
Net position at beginning of year, as restated	697,073	-	-	-	697,073	-
Net position at end of year (A-1)	\$ 1,843,498	\$ 742,799	\$ -	\$ 25,971	\$ 1,843,499	\$ 768,770

Governmental Activities

The Statement of Activities reflects the cost of program services and the charges for services and operating grants and contributions offsetting those services. The table below, for government activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by unrestricted state entitlements for the fiscal year ended June 30, 2022.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

	<u>Total Cost of Services</u>	<u>Grants/ Contributions</u>	<u>Net Cost of Services</u>
Instruction	\$ 5,160,496	\$ 2,037,395	\$ (3,123,101)
Administrative	1,948,402	204,211	(1,744,191)
Support services	2,115,295	1,161,862	(953,433)
Unallocated:			
Capital outlay	41,532	24,569	(16,963)
Amortization of right-of-use assets	<u>371,348</u>	<u>-</u>	<u>(371,348)</u>
Total Expenses	<u>\$ 9,637,073</u>	<u>\$ 3,428,037</u>	<u>\$ (6,209,036)</u>

Business-Type Activity

Beginning July 1, 2020, the Charter School's food service is administered by the Marion P. Thomas Charter School (Sponsoring SFA). The financial transactions, and statistical records related to the school food service are maintained by the Sponsoring SFA. The business-type activities of the Charter School are related to the food service operation that has \$0.02 million revenue and operating expenses of \$0.02 million for fiscal year 2022.

The Charter School’s Funds

The Charter School’s governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues of \$10.70 million and expenditures and other financing uses of \$9.26 million.

General Fund Budgeting Highlights

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

During the course of fiscal year 2022, the Charter School amended its General Fund budget as needed. The Charter School uses state-aid and other revenue-based budget. The budgeting systems are designed to tightly control total budget, but provide flexibility for Charter School management teams.

For the General Fund, final budgeted revenues were \$7.49 million. Expenditures and other financing uses were budgeted at \$6.05 million. The Charter School anticipated an excess of revenues over expenditures of \$1.44 million in fiscal year 2022. During the fiscal year ended June 30, 2022, actual revenues were \$8.27 million and expenditures and other financing uses were \$6.83 million.

Reimbursement from the State of New Jersey during the year ended June 30, 2022 for the employer’s share of social security contributions amounted to \$0.12 million and the TPAF on-behalf TPAF payments for pensions, post-retirement medical benefits, and long-term disability Insurance from the State amounted to \$0.77 million.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

Capital Assets

At the end of fiscal year 2022, the Charter School had no investment in capital assets.

Right-of-Use Assets

At the end of fiscal year 2022, the Charter School had right-of-use assets, net amounting to \$0.7 million for the Charter School building.

Long-term Liabilities

At the end of fiscal year 2022, long-term liabilities are as follow:

	<u>Balance at</u> <u>June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>June 30, 2022</u>	<u>Due within</u> <u>One Year</u>
Governmental activities:					
Net pension liability	\$ -	\$ 1,736,284	\$ (156,203)	\$ 1,580,081	\$ 172,778
Compensated absences	-	116,606	-	116,606	11,661
Sublease liabilities	<u>1,235,356</u>	<u>-</u>	<u>(387,410)</u>	<u>847,946</u>	<u>411,304</u>
Total	<u>\$ 1,235,356</u>	<u>\$ 1,852,890</u>	<u>\$ (543,613)</u>	<u>\$ 2,544,633</u>	<u>\$ 595,743</u>

Economic Factors and Next Year’s Budget

The State of New Jersey continues to face serious budgetary constraints. These impacts the amount of state aid allocated to charter schools. This reality was taken into account when adopting the general fund budget for 2021-2022. Nothing was done to compromise the quality of the programs in place in our Charter School during the regular instructional day. The budget was prepared to ensure that all students have the textbooks, materials supply, equipment and programs they need to meet New Jersey’s Core Curriculum Content Standards.

Contacting the Charter School’s Financial Management

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

BASIC FINANCIAL STATEMENTS

CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

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

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

STATEMENT OF NET POSITION

JUNE 30, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 1,310,117	\$ -	\$ 1,310,117
Accounts receivable	1,515,569	-	1,515,569
Other receivables	558,678	-	558,678
Total current assets	<u>3,384,364</u>	<u>-</u>	<u>3,384,364</u>
Right-of-use assets:			
School building lease	2,228,094	-	2,228,094
Less: Accumulated amortization	<u>(1,485,395)</u>	<u>-</u>	<u>(1,485,395)</u>
Right-of-use assets, net	<u>742,699</u>	<u>-</u>	<u>742,699</u>
Total assets	<u>4,127,063</u>	<u>-</u>	<u>4,127,063</u>
Deferred Outflow of Resources	<u>2,375,072</u>	<u>-</u>	<u>2,375,072</u>
Liabilities			
Current Liabilities:			
Accounts payable	1,007,496	-	1,007,496
Payroll deductions and withholdings	30,717	-	30,717
Intergovernmental payable:			
State	<u>85,725</u>	<u>-</u>	<u>85,725</u>
Total current liabilities	<u>1,123,938</u>	<u>-</u>	<u>1,123,938</u>
Noncurrent Liabilities:			
Due within one year	595,743	-	595,743
Due in more than one year	<u>1,948,890</u>	<u>-</u>	<u>1,948,890</u>
	<u>2,544,633</u>	<u>-</u>	<u>2,544,633</u>
Total liabilities	<u>3,668,571</u>	<u>-</u>	<u>3,668,571</u>
Deferred Inflow of Resources	<u>990,066</u>	<u>-</u>	<u>990,066</u>
Net position			
Net investment in right-of-use assets, net of related debt	(105,247)	-	(105,247)
Restricted for:			
Student activities	2,615	-	2,615
Unrestricted	<u>1,946,130</u>	<u>-</u>	<u>1,946,130</u>
Total net position	<u>\$ 1,843,498</u>	<u>\$ -</u>	<u>\$ 1,843,498</u>

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

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Totals
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction	\$ 5,160,496	\$ -	\$ 2,037,395	\$ (3,123,101)	\$ -	\$ (3,123,101)
Administrative cost	1,948,402	-	204,211	(1,744,191)	-	(1,744,191)
Support services	2,115,295	1	1,161,862	(953,432)	-	(953,432)
Unallocated:						
Capital outlay	41,532	-	24,569	(16,963)	-	(16,963)
Amortization of right-of-use assets	371,348	-	-	(371,348)	-	(371,348)
Total governmental activities	9,637,073	1	3,428,037	(6,209,035)	-	(6,209,035)
Business-type activities:						
Food Service	19,343	-	-	-	(19,343)	(19,343)
Total primary government	\$ 9,656,416	\$ 1	\$ 3,428,037	\$ (6,209,035)	\$ (19,343)	\$ (6,228,378)
General revenues, transfers and special items:						
Local sources				\$ 1,021,888	\$ -	\$ 1,021,888
State sources				6,283,891	-	6,283,891
Transfer				(19,343)	19,343	-
Miscellaneous				69,024	-	69,024
Total general revenues, transfers and special items				7,355,460	19,343	7,374,803
Changes in net position				1,146,425	-	1,146,425
Net position at beginning of year, as reported				818,382	-	818,382
Prior period adjustment				(121,309)	-	(121,309)
Net position at beginning of year, as restated				697,073	-	697,073
Net position at end of year (A-1)				\$ 1,843,498	\$ -	\$ 1,843,498

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

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

GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 1,307,502	\$ 2,615	\$ 1,310,117
Interfund accounts receivable	1,493,104	-	1,493,104
Accounts receivables:			
Federal	18,900	1,325,955	1,344,855
State	170,714	-	170,714
Other receivables	<u>250,000</u>	<u>308,678</u>	<u>558,678</u>
Total assets	<u>\$ 3,240,220</u>	<u>\$ 1,637,248</u>	<u>\$ 4,877,468</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 865,967	\$ 141,529	\$ 1,007,496
Payroll deductions and withholdings payable	30,717	-	30,717
Interfund accounts payable	-	1,493,104	1,493,104
Intergovernmental payables:			
State	<u>85,725</u>	<u>-</u>	<u>85,725</u>
Total liabilities	<u>982,409</u>	<u>1,634,633</u>	<u>2,617,042</u>
Fund balances:			
Restricted:			
Student activities	-	2,615	2,615
Unassigned	<u>2,257,811</u>	<u>-</u>	<u>2,257,811</u>
Total fund balances	<u>2,257,811</u>	<u>2,615</u>	<u>2,260,426</u>
Total liabilities and fund balances	<u>\$ 3,240,220</u>	<u>\$ 1,637,248</u>	

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

Capital assets and right-of-use assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Right-of-use assets	\$ 2,228,094
Accumulated amortization	<u>(1,485,395)</u>
	<u>742,699</u>

Governmental funds do not report the effect of assets or liabilities related to net pension assets (liabilities) whereas these amounts are deferred and amortized in the statement of activities.

Deferred amounts on net pension liability	<u>1,385,006</u>
---	------------------

Long-term liabilities, including pensions, lease liabilities and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Net pension liability	(1,580,081)
Compensated absences payable	(116,606)
Lease liability	<u>(847,946)</u>
	<u>(2,544,633)</u>

Net position of governmental activities - A-1	<u>\$ 1,843,498</u>
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ACHIEVE COMMUNITY CHARTER SCHOOL
(COUNTY OF ESSEX, NEW JERSEY)

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2022

	General Fund	Special Revenue Fund	Total
Revenues			
Local sources:			
Local tax levy	\$ 1,021,888	\$ -	\$ 1,021,888
Miscellaneous	69,024	1	69,025
Total revenues - local sources	1,090,912	1	1,090,913
Federal sources	-	2,390,976	2,390,976
State sources	6,283,891	36,569	6,320,460
Reimbursed TPAF - Social Security (non-budgeted)	121,634	-	121,634
On-behalf Teachers' Pension and Annuity Fund pension contributions (non-budgeted)	627,590	-	627,590
On-Behalf Teachers' Pension and Annuity Fund post-retirement medical (non-budgeted)	146,631	-	146,631
On-Behalf Teachers' Pension and Annuity Fund non-contributory insurance (non-budgeted)	684	-	684
Total revenues	<u>8,271,342</u>	<u>2,427,546</u>	<u>10,698,888</u>
Expenditures			
Current expense:			
Regular instruction	2,186,833	1,414,180	3,601,013
Support services and undistributed costs:			
Student and instruction-related services	396,533	988,825	1,385,358
Other administrative services	201,703	-	201,703
School administrative services	1,235,698	-	1,235,698
Plant operations and maintenance	404,090	-	404,090
Pupil transportation	150,000	-	150,000
Personal services - employee benefits	1,767,099	-	1,767,099
Capital Outlay	16,963	24,569	41,532
Total expenditures	<u>6,358,919</u>	<u>2,427,574</u>	<u>8,786,493</u>
Excess of revenues over expenditures	1,912,423	(28)	1,912,395
Other financing sources (uses):			
Operating transfers out - food program	(19,343)	-	(19,343)
Principal payments on leases	(387,410)	-	(387,410)
Interest payments on leases	(63,598)	-	(63,598)
Total other financing sources (uses)	<u>(470,351)</u>	<u>-</u>	<u>(470,351)</u>
Excess revenues over expenditures and other financing uses	1,442,072	(28)	1,442,044
Fund balances at beginning of the year	<u>815,739</u>	<u>2,643</u>	<u>818,382</u>
Fund balance at end of year	<u>\$ 2,257,811</u>	<u>\$ 2,615</u>	<u>\$ 2,260,426</u>

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

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

YEAR ENDED JUNE 30, 2022

Total net change in fund balances - governmental funds (B-2)	\$ 1,442,044
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the period. Additionally, in the Statement of Activities gains or (losses) are recognized upon disposition.	
Amortization expense	(371,348)
Repayment of capital lease obligations are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and are not reported in the Statement of	
Principal payment of lease liability	387,410
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension costs	(195,074)
Compensated absences	<u>(116,607)</u>
Change in net position of governmental activities (A-2)	<u><u>\$ 1,146,425</u></u>

PROPRIETARY FUNDS

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

PROPRIETARY FUND

STATEMENT OF NET POSITION

JUNE 30, 2022

Assets

Current assets:

 Accounts receivable:

 Federal

 State

\$ -
-
-
-
-
-

Total Assets

\$ -
-
-

Liabilities

Current liabilities

 Interfund payable

Total current liabilities

\$ -
-
-

Net position

 Unrestricted

-
-

Total Liabilities and Net Position

\$ -
-
-

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

PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

YEAR ENDED JUNE 30, 2022

Operating revenues:		
Charges for services:		
Daily sales - reimbursable programs	\$	-
Miscellaneous revenue		-
Total operating revenues		<u>-</u>
Operating expenses:		
Miscellaneous		<u>19,343</u>
Total operating expenses		<u>19,343</u>
Operating loss		<u>(19,343)</u>
Nonoperating revenues:		
State sources:		
State School Lunch Program		-
Federal sources:		
National School Lunch		-
National School Breakfast		-
Total nonoperating revenues		<u>-</u>
Other financing sources:		
Transfers in - General Fund		<u>19,343</u>
Total other financing sources:		<u>19,343</u>
Change in net position		-
Total net position at beginning of year		<u>-</u>
Total net position at end of year	\$	<u><u>-</u></u>

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

PROPRIETARY FUND

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

Cash flows from operating activities

Operating income	\$ (19,343)
Adjustment to reconcile operating loss to net cash from operating activities:	
Changes in assets and liabilities:	
Accounts receivable	11,260
Interfund payable	<u>(11,260)</u>
Net cash from operating activities	(19,343)
 Net increase in cash and cash equivalents	 -
Cash and cash equivalents at beginning of the year	<u>-</u>
 Cash and cash equivalents at end of year	 <u><u>\$ -</u></u>

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Component Units

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

C. Basis of Presentation

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

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Continued

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

The financial statements include:

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

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

D. Basic Financial Statements

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

Government-wide Financial Statements

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

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Basic Financial Statements - Continued

Fund Financial Statements

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

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

E. Governmental Funds

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

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

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Governmental Funds - Continued

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2022, there was no Capital Projects Fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on, bonds issued to finance major property acquisitions, construction, and improvement programs. As of June 30, 2022, there was no debt service fund.

F. Proprietary Funds

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

Enterprise Funds:

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

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

Internal Service (Self-Insurance) Fund:

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

G. Fiduciary Funds

Fiduciary funds are classified as follows:

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

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

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

As of June 30, 2022, the Charter School do not have any fund that is classified as fiduciary fund.

H. Measurement Focus and Basis of Accounting

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

H. Measurement Focus and Basis of Accounting - Continued

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

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

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

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

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

I. Budgets/Budgetary Control

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

I. Budgets/Budgetary Control - Continued

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

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

J. Assets, Liabilities, and Equity

Deposits, Investments and Risk Disclosure

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

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

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Assets, Liabilities, and Equity - Continued

Deposits

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

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

Investments

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

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

As of June 30, 2022, the Charter School did not hold any investments.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Assets, Liabilities, and Equity - Continued

Risk Category

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

As of June 30, 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.

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

Prepaid Expenses

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

The Charter School does not have prepaid expenses as of June 30, 2022.

Interfund Assets/Liabilities

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

Fixed Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the Charter School as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Assets, Liabilities, and Equity - Continued

Fixed Assets - Continued

The valuation based for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

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

Donated capital assets are capitalized at estimated fair market value on the date donated. Depreciation of capital assets is computed and recorded by the straight-line method. The Charter School does not have capital assets as of June 30, 2022.

Right-of-Use Asset

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 to use assets are amortized over the lease term or the life of the asset, whichever is shorter.

Compensated Absences

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2022, the Charter School has \$116,606 liabilities for compensated absences.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Assets, Liabilities, and Equity – Continued

Pensions

In government-wide financial statements, pensions are recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The Charter School recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, measured as of the Charter School's fiscal year-end or the Charter School's proportionate share thereof in the case of a cost-sharing multi-employer plan. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience, are amortized over the weighted average remaining service life of all participants, including retirees, in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they arose. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Deferred Revenue

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

Accrued Liabilities and Long-Term Obligations

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Assets, Liabilities, and Equity – Continued

Lease Liabilities

Lease liabilities are measured at the present value of payments expected to be made during the lease term (less any lease incentives).

Deferred Outflows of Resources and Deferred Inflows of Resources

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

The deferred outflows of resources and deferred inflows of resources in the Charter School-wide governmental activities pertain to pensions.

Fund Balance and Equity

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

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

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Assets, Liabilities, and Equity – Continued

Fund Balance and Equity – continued

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

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

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

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

Net Position

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

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Assets, Liabilities, and Equity – Continued

Net Position - continued

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

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

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

Contributed Capital

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

K. Interfund Transactions

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

L. Use of Estimates

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

M. Accounting for Uncertainty in Income Taxes

The Charter School recognizes the effect of income tax positions only of those positions are more likely than not of being sustained. Management has determined that the Charter School had no uncertain tax positions that would require financial statement recognition. The Charter School is no longer subject to audits by the applicable taxing jurisdictions for tax periods prior to 2019.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

N. On-Behalf Payments

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

O. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is February 24, 2023.

NOTE 2 ACCOUNTING PRONOUNCEMENTS

A. Accounting Pronouncement Adopted During the year

GASB Statement No. 87, *Leases* establishes a uniform approach for lease accounting based on the principle that leases are financings of the right to use an underlying asset. In accordance with the statement, parties to a lease agreement, the lessee and lessor, are required to recognize a lease liability and an intangible right-to-use lease asset (a capital asset hereinafter referred to as the lease asset), and a lease receivable and deferred inflow of resources, respectively. The new leases standard also requires enhanced disclosure which include a general description of the leasing arrangement, the aggregated amount of resource inflows and outflows recognized from lease contracts, including those not included in the measurement of the lease liability and receivable, and the disclosure of the long-term effect of lease arrangements on a government's resources.

As a result of adopting the new standard, the charter school-wide financial statements reflected a cumulative effect for the change in accounting principle to recognize the right-of-use assets of \$1,114,047 and lease liability of \$1,235,356, which caused a restatement to increase the net position at July 1, 2021 of \$121,309. Additional disclosures of the Charter School's implementation with respect to Statement No. 87 are included in Notes to the Financial Statements.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 2 ACCOUNTING PRONOUNCEMENTS - CONTINUED

A. Accounting Pronouncement Adopted During the Year - Continued

GASB Statement No. 98, *The Annual Comprehensive Financial Report* establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The Charter School adopted Statement No. 98 during fiscal year 2022 and changed all reporting references to ACFR. This adoption did not have an effect on the Charter School's net position at July 1, 2021.

Statement No. 92, *Omnibus 2020*, addresses practice issues that were identified during implementation and application of certain GASB Statements. The Statement addresses a variety of topics including Leases, Intra-Entity Transfers of Assets, Assets Accumulated for Defined Benefit Postemployment Benefits, Fiduciary Activities, Asset Retirement Obligations, Reinsurance Recoveries, Nonrecurring Fair Value Measurements, and Derivative Instruments. The adoption of Statement No. 92 had no impact on the Charter School's current accounting practices nor its financial reporting.

Statement No. 93, *Replacement of Interbank Offered Rates* establishes accounting and reporting requirements related to the replacement of Interbank Offered Rates (IBOR) such as the London Interbank Offered Rate (LIBOR) for hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for certain hedging derivative instruments. The Charter School do not have transactions that transacts using IBOR therefore, the adoption of Statement No. 93 had no impact on the Charter School's current accounting practices nor its financial reporting.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Section 457 Deferred Compensation Plans* clarifies component unit criteria for a potential component unit in the absence of a governing board in determining financial accountability; limits the applicability of financial burden criteria in paragraph 7 of GASB Statement No. 84; and classifies Section 457 Deferred Compensation plans as either a pension plan or other employee benefit plan. The adoption of Statement No. 97 had no impact on the Charter School's current accounting practices nor its financial reporting.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 2 ACCOUNTING PRONOUNCEMENTS - CONTINUED

B. Accounting Pronouncements Issued but not Yet Adopted

GASB has issued the following pronouncements that may affect future financial position, results of operations, cash flows, or financial presentation of the Charter School upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Statement No.	GASB Accounting Standard	Effective Fiscal Year
91	Conduit Debt Obligations	2023
94	Public-Private and Public-Public Partnerships and Availability Payment Arrangements	2023
96	Subscription-Based Information Technology Arrangements	2023
99	Omnibus 2022	2024
100	Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62	2024
101	Compensated Absences	2024

NOTE 3 CASH AND CASH EQUIVALENTS

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

As of June 30, 2022, the Charter School's deposits are summarized as follows:

	General Fund	Special Fund	Enterprise Fund	Total
Operating Account	\$ 1,307,502	\$ 2,615	\$ -	\$ 1,310,117
Restricted cash	-	-	-	-
Total	<u>\$ 1,307,502</u>	<u>\$ 2,615</u>	<u>\$ -</u>	<u>\$ 1,310,117</u>

Operating cash accounts are held in the Charter School's name by several banking institutions. At June 30, 2022, the Charter School's carrying amount of deposits was \$1,310,117 and the bank balance was \$1,310,117. Of the bank balance, up to a maximum of \$250,000 of the Charter School's cash deposits on June 30, 2022 were secured by federal deposit insurance (FDIC) and \$1,060,117 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Governmental Unit Deposit Protection Act ("GUDPA").

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 3 CASH AND CASH EQUIVALENTS - CONTINUED

Restricted Cash

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

NOTE 4. LEASES

A lease is defined as a contractual agreement that conveys control of the right to use another entity’s nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The Charter School subleases the Charter School building. The related obligations are presented in the amounts equal to the present value of lease payments, payable during the remaining lease term. As a sublessee, the associated right-of-use asset as of June 30, 2022 on the government-wide Statement of Net Position is as follow:

Right-of-use assets being depreciated:	Beginning Balance	Net Additions (Deletions)	Ending Balance
Governmental Activities:			
Leased building	\$ 2,228,094	\$ -	\$ 2,228,094
Less: accumulated amortization	<u>(1,114,047)</u>	<u>(371,348)</u>	<u>(1,485,395)</u>
Right-of-use assets, net	<u>\$ 1,114,047</u>	<u>\$ (371,348)</u>	<u>\$ 742,699</u>

The amortization of right-of-use assets for the year ended June 30, 2022, recognized in the Charter School-wide statement of activities amounted to \$371,348.

The sublease liabilities as of June 30, 2022, recognized in the Charter School-wide statement of financial position amounted to \$847,946.

The Charter School does not have of variable payment clauses, within its lease arrangements. The Charter School did not incur expenses related to its leasing activities related to residual value guarantees, lease termination penalties or losses due to impairment. As a sublessee, there are currently no agreements that include sale-leaseback and lease-leaseback transactions.

Key estimates and judgements related to leases include how the Charter School determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Charter School uses the interest rate charged by the lessor as the discount rate when available. In the absence of the lessor’s interest rate, the Charter School uses its estimated incremental borrowing rate as the discount rate for leases.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 4. LEASES - CONTINUED

The lease term includes the noncancellable period of the lease, limited to the Charter School's charter license term. Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the Charter School is reasonably certain to exercise.

The Charter School monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the right-of-use asset and lease liabilities if certain changes occur that are expected to significantly affect the amount of the lease liabilities.

Furthermore, the Charter School has no commitment for leases that have not commenced as of June 30, 2022.

NOTE 5 NONCURRENT LIABILITIES

During the fiscal year ended June 30, 2022, noncurrent liabilities are reported in the statement of net position, pertain to the following:

	<u>Balance at</u> <u>June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>June 30, 2022</u>	<u>Due within</u> <u>One Year</u>
Governmental activities:					
Net pension liability	\$ -	\$ 1,736,284	\$ (156,203)	\$ 1,580,081	\$ 172,778
Compensated absences	-	116,606	-	116,606	11,661
Sublease liabilities	<u>1,235,356</u>	<u>-</u>	<u>(387,410)</u>	<u>847,946</u>	<u>411,304</u>
Total	<u>\$ 1,235,356</u>	<u>\$ 1,852,890</u>	<u>\$ (543,613)</u>	<u>\$ 2,544,633</u>	<u>\$ 595,743</u>

Net Pension Liability

The net pension liability classified as due within one year is \$172,778.

Sublease Liabilities

As of June 30, 2022, the Charter School's minimum principal and interest payment requirements for its leasing activities with a remaining term in excess of one year, is as follows:

Fiscal Year Ending June 30	<u>Principal</u>	<u>Interest</u>
2023	\$ 411,304	\$ 39,704
2024	<u>436,642</u>	<u>14,366</u>
	<u>\$ 847,946</u>	<u>\$ 54,070</u>

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 6 NET POSITION

As of June 30, 2022, the net position consisted of the following components:

INVESTMENT IN RIGHT-OF-USE ASSETS,

<u>NET OF RELATED DEBT</u>	<u>Governmental</u>	<u>Business Type</u>	<u>Total</u>
Right-of-use assets, net	\$ 742,699	\$ -	\$ 742,699
Less: sublease liabilities	<u>(847,946)</u>	<u>-</u>	<u>(847,946)</u>
(All long-term debt relates to capital assets)	<u>(105,247)</u>	<u>-</u>	<u>(105,247)</u>
<u>RESTRICTED</u>			
Restricted for:			
Student activities	<u>2,615</u>	<u>-</u>	<u>2,615</u>
	<u>2,615</u>	<u>-</u>	<u>2,615</u>
<u>UNRESTRICTED</u>			
Net position not restricted above	<u>1,946,130</u>	<u>-</u>	<u>1,946,130</u>
NET POSITION (DEFICIT)	<u>\$ 1,843,498</u>	<u>\$ -</u>	<u>\$ 1,843,498</u>

NOTE 7 PENSION PLANS

A. Description of Plans

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSION PLANS - CONTINUED

A. Description of Plans - Continued

i. Public Employees' Retirement System (PERS)

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

ii. Teachers Pension and Annuity Fund (TPAF)

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

B. Vesting and Benefit Provisions

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSION PLANS - CONTINUED

B. Vesting and Benefit Provisions – Continued

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

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

C. Significant Legislation

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

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

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSION PLANS - CONTINUED

D. Contribution Requirement

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

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

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$121,634 during the year ended June 30, 2022 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

For the year ended June 30, 2022, PERS contributions are of \$156,203 recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contribution and social contribution for TPAF members are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure amounted to \$774,905 for the year ended June 30, 2022.

E. GASB 68 Disclosures

i. Public Employees' Retirement System (PERS)

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSION PLANS - CONTINUED

E. GASB 68 Disclosures – Continued

i. Public Employees’ Retirement System (PERS) - continued

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

At June 30, 2022, the Charter School reported in the Charter School-wide statement of net position a liability of \$1,580,081 for its proportionate share of the PERS net pension liability. The total pension liability was measured as of 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 Charter School’s proportionate share of the net pension liability was based on the ration of contributions as an individual employer to the total contributions to the PERS as of June 30, 2021 measurement date. The results of the June 30, 2021 measurement date was used to determine pension values for fiscal year 2022 as allowed by GASB Statement No. 68.

At June 30, 2021 measurement date, the Charter School’s proportionate share was 0.0133379588%.

For the year ended June 30, 2022, the Charter School recognized pension expense of \$351,278. The Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,920	\$ 11,312
Changes of assumptions	8,229	562,519
Net difference between projected and actual earnings on pension plan investments	-	416,235
Change in proportion and differences between Charter School contributions and proportionate share contributions	2,341,923	-
	<u>\$ 2,375,072</u>	<u>\$ 990,066</u>

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSION PLANS - CONTINUED

E. GASB 68 Disclosures – Continued

i. Public Employees’ Retirement System (PERS) - continued

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Year Ending		Amount
June 30	\$	
2023		288,715
2024		288,715
2025		288,715
2026		288,715
2027		230,146

Actuarial assumptions. The collective total pension liability for the June 30, 2021 measurement date as determined by an actuarial valuation as of July 1, 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%
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 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 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.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSION PLANS - CONTINUED

E. GASB 68 Disclosures – Continued

i. Public Employees’ Retirement System (PERS) - continued

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 the State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021 measurement date) 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 weighing 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 PERS’ target asset allocation as of June 30, 2021 measurement date, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of 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%
Total	100.00%	

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSION PLANS - CONTINUED

E. GASB 68 Disclosures – Continued

i. Public Employees’ Retirement System (PERS) - continued

Discount rate. The discount rate used to measure the total pension liability was 7% as of June 30, 2021 measurement date. 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 nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions from local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of all current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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 net pension liability calculated using the discount rate as disclosed above, as well as what the 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the net pension liability	<u>\$ 2,174,688</u>	<u>\$ 1,580,081</u>	<u>\$ 1,106,611</u>

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERS financial report.

ii. Teachers Pension and Annuity Fund (TPAF)

As of June 30, 2022, the Charter School did not have a proportionate share in the State’s net pension liability for PERS.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 8 POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

The State of New Jersey Provides post-retirement (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2020, the State paid PRM benefits for 143,053 State and local retirees.

The State funds post-retirement medical benefits on a “pay-as-you-go” basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2020, the State contributed \$1.578 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State’s “pay as-you-go” contributions have decreased from Fiscal Year 2019 amounts. Reductions are attributable to various cost savings initiatives implemented by the State, including new Medicare Advantage contracts. The State has appropriated \$1.775 billion in Fiscal Year 2021 as the State’s contribution to fund pay-as-you-go PRM costs.

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

Additional information on Pensions and OPEB can be accessed at state.nj.us/treasury/pensions/financial-reports.shtml.

Total OPEB Liability

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

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 8 POST-RETIREMENT BENEFITS - CONTINUED

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

For the year ended June 30, 2022, the Charter School recognize OPEB revenue and expense of \$103,954 as determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

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

At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired Charter School employees' OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 148,695	\$ 94,045
Differences between expected and actual experience	132,136	263,068
Changes in proportion	<u>819,212</u>	<u>-</u>
	<u>\$ 1,100,043</u>	<u>\$ 357,113</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB of retired Charter School employees will be recognized in OPEB expense as follows:

	<u>Year Ended June 30</u>
2023	\$ 90,162
2024	90,162
2025	90,162
2026	90,162
2027	90,162
Thereafter	292,120

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 9 DEFERRED COMPENSATION

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

NOTE 10 MANAGEMENT AGREEMENT

On July 1, 2019, the Charter School entered into a two-year operating agreement with BRICK, Inc., a New Jersey not-for-profit corporation, which was renewed for another two-year term until June 30, 2023. The fee for the services is equal to 12% of the total federal, state, and local public revenue actually received by the Charter School.

Total management fee incurred by the Charter School for the fiscal year ended June 30, 2022 amounted to \$1,151,256.

NOTE 11 RISK MANAGEMENT

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

A. Property and Liability Insurance

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

B. New Jersey Unemployment Compensation

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 12 INTERFUND RECEIVABLES AND PAYABLES

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

At June 30, 2022, the interfund balances consisted of the following:

	<u>RECEIVABLE (PAYABLE)</u>		
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Enterprise Fund</u>
General fund	\$ 1,493,104	\$ (1,493,104)	\$ -
GASB No 34 mandated eliminations within governmental activities	<u>(1,493,104)</u>	<u>1,493,104</u>	<u>-</u>
Net interfund balances reported as follows: Entity-wide (eliminated in total column)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 13 CONTINGENCIES

State and Federal Aid Receipts

State and Federal awards are generally subject to review by the responsible governmental agencies for compliance with the agency's regulations governing the aid. In the opinion of the Charter School's management and legal counsel, any potential adjustments to the Federal or State aid recorded by the Charter School through June 30, 2022, resulting from a review by a responsible government agency will not have a material effect on the Charter School financial statements at June 30, 2022.

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

NOTE 14 COVID-19 PUBLIC HEALTH EMERGENCY

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

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

REQUIRED SUPPLEMENTARY INFORMATION

PART II

BUDGETARY COMPARISON SCHEDULES

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers Adjustment	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources:					
Local tax levy	\$ -	\$ 7,559	\$ 7,559	\$ 1,021,888	\$ 1,014,329
Contributions	580,000	(580,000)	-	-	-
Miscellaneous	-	69,024	69,024	69,024	-
Total - local sources	580,000	(503,417)	76,583	1,090,912	1,014,329
State sources:					
Equalization aid	5,084,030	1,732,102	6,816,132	5,809,195	(1,006,937)
Categorical special education aid	221,151	(7,543)	213,608	213,608	-
Categorical security aid	123,706	137,382	261,088	261,088	-
Adjustment aid	-	129,026	129,026	-	(129,026)
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)	-	-	-	627,590	627,590
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)	-	-	-	146,631	146,631
On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability Insurance (non-budgeted)	-	-	-	684	684
Reimbursed T.P.A.F. social security contributions (non-budgeted)	-	-	-	121,634	121,634
Total - state sources	5,428,887	1,990,967	7,419,854	7,180,430	(239,424)
Total revenues	6,008,887	1,487,550	7,496,437	8,271,342	774,905
Expenditures					
Current expense:					
Regular programs - instruction:					
Kindergarten	136,703	(98,931)	37,772	37,772	-
Grade 1-5	730,156	87,854	818,010	818,010	-
Grade 6-8	465,726	(196,446)	269,280	269,280	-
Regular programs - Undistributed Instruction:					
Other salaries for instruction	128,470	137,267	265,737	265,737	-
Purchased professional - educational services	704,520	25,125	729,645	729,645	-
Other Purchased Services (400-500 Series)	-	2,090	2,090	2,090	-
General supplies	-	36,712	36,712	36,712	-
Textbooks	31,706	(4,119)	27,587	27,587	-
Total Regular Programs - Instruction	2,197,281	(10,448)	2,186,833	2,186,833	-
Cognitive - Mild					
Salaries	236,243	21,330	257,573	257,573	-
Undistributed Expenditures - Health Services:					
Salaries	88,426	(868)	87,558	87,558	-
Purchased Professional and Technical Services	5,000	2,750	7,750	7,750	-
Supplies and materials	2,000	(2,000)	-	-	-
Total Undistributed Expenditures - Health Services	95,426	(118)	95,308	95,308	-
Undistributed Expenditures - Child Study Team:					
Salaries of other professional staff	-	14,081	14,081	14,081	-
Other Purchased Services (400-500 Series)	-	29,571	29,571	29,571	-
Supplies and Materials	10,875	(10,875)	-	-	-
Total Undistributed Expenditures - Child Study Team	10,875	32,777	43,652	43,652	-
Undistributed Expenditures - Improvement of Instruction Services:					
Other Purchased Services (400-500 Series)	12,000	(12,000)	-	-	-
Undistributed Expenditures - Support Services - General Administration:					
Purchased Professional Services	45,000	17,577	62,577	62,577	-
Legal services	15,000	12,367	27,367	27,367	-
Audit fees	15,200	3,500	18,700	18,700	-
Communications/telephone	2,765	18,840	21,605	21,605	-
Miscellaneous Expenditures	4,700	(1,550)	3,150	3,150	-
BOE Membership Dues and Fees	2,500	(2,500)	-	-	-
Total Undistributed Expenditures - Support services - General Administration	85,165	48,234	133,399	133,399	-
Undistributed Expenditures - Support services - School Administration:					
Salaries of principals/assistant principals	419,284	(16,013)	403,271	403,271	-
Salaries of other professional staff	246,661	(75,950)	170,711	170,711	-
Salaries of secretarial and clerical assistants	100,652	12,583	113,235	113,235	-
Other purchased services (400-500 Series)	400,466	77,122	477,588	477,588	-
Supplies and materials	7,400	1,705	9,105	9,105	-
Other objects	4,400	57,388	61,788	61,788	-
Total Undistributed Expenditures - Support Services - School Administration	1,178,863	56,835	1,235,698	1,235,698	-
Undistributed Expenditures - Administration Information Technology:					
Purchased Professional Services	48,000	(14,778)	33,222	33,222	-
Supplies and Materials	6,000	29,082	35,082	35,082	-
Total Undistributed Expenditures - Administration Information Technology	54,000	14,304	68,304	68,304	-
Undistributed Expenditures - Custodial services:					

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers Adjustment	Final Budget	Actual	Variance Final to Actual
Salaries	81,750	(16,829)	64,921	64,921	-
Cleaning, Repair, and Maintenance Services	155,492	(15,115)	140,377	140,377	-
Insurance	35,017	2,811	37,828	37,828	-
Energy (Electricity)	92,000	(23,025)	68,975	68,975	-
Total Undistributed Expenditures - Custodial Services	<u>364,259</u>	<u>(52,158)</u>	<u>312,101</u>	<u>312,101</u>	<u>-</u>
Undistributed Expenditures - Security:					
Purchased professional and technical services	78,000	13,989	91,989	91,989	-
Total undistributed expenditures - security	<u>78,000</u>	<u>13,989</u>	<u>91,989</u>	<u>91,989</u>	<u>-</u>
Undistributed expenditures - Student Transportation Services:					
Other purchased prof. and technical serv.	50,000	100,000	150,000	150,000	-
Total undistributed expenditures - student transportation services	<u>50,000</u>	<u>100,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Unallocated Benefits - Employee Benefits:					
Social security contributions	192,377	72,567	264,944	143,311	121,633
Other Retirement Contributions - PERS	119,793	36,410	156,203	156,203	-
Unemployment compensation	34,000	23,574	57,574	57,574	-
Workmen's compensation	40,000	48,688	88,688	88,688	-
Health benefits	437,680	(12,895)	424,785	424,785	-
Total Unallocated Benefits - Employee Benefits	<u>823,850</u>	<u>168,344</u>	<u>992,194</u>	<u>870,561</u>	<u>121,633</u>
On-behalf T.P.A.F. pension contributions - normal cost (non-budgeted)	-	-	-	627,590	(627,590)
On-behalf T.P.A.F. pension contributions - post-retirement medical (non-budgeted)	-	-	-	146,631	(146,631)
On-behalf T.P.A.F. pension contributions - long-term disability insurance (non-budgeted)	-	-	-	684	(684)
Reimbursed T.P.A.F. social security contributions (non-budgeted)	-	-	-	121,633	(121,633)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>896,538</u>	<u>(896,538)</u>
Total Personal Services - Employee Benefits	<u>823,850</u>	<u>168,344</u>	<u>992,194</u>	<u>1,767,099</u>	<u>(774,905)</u>
Total Undistributed Expenditures	<u>2,752,438</u>	<u>370,207</u>	<u>3,122,645</u>	<u>3,897,550</u>	<u>(774,905)</u>
Total General Current Expense	<u>5,185,962</u>	<u>381,089</u>	<u>5,567,051</u>	<u>6,341,956</u>	<u>(774,905)</u>
Capital Outlay:					
Undistributed Expenditures:					
Instruction	20,200	(3,237)	16,963	16,963	-
Non-instruction services	6,756	(6,756)	-	-	-
Total Equipment	<u>26,956</u>	<u>(9,993)</u>	<u>16,963</u>	<u>16,963</u>	<u>-</u>
Total Capital Outlay	<u>26,956</u>	<u>(9,993)</u>	<u>16,963</u>	<u>16,963</u>	<u>-</u>
Total Expenditures	<u>5,212,918</u>	<u>371,096</u>	<u>5,584,014</u>	<u>6,358,919</u>	<u>(774,905)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>795,969</u>	<u>1,116,454</u>	<u>1,912,423</u>	<u>1,912,423</u>	<u>-</u>
Other financing sources (uses):					
Operating transfer out - Food Program	(19,343)	-	(19,343)	(19,343)	-
Principal payments on leases	(387,410)	-	(387,410)	(387,410)	-
Interest payments on leases	(63,598)	-	(63,598)	(63,598)	-
Total other financing sources (uses)	<u>(470,351)</u>	<u>-</u>	<u>(470,351)</u>	<u>(470,351)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>325,618</u>	<u>1,116,454</u>	<u>1,442,072</u>	<u>1,442,072</u>	<u>-</u>
Fund balances at beginning of year	815,739	-	815,739	815,739	-
Fund balances at end of year	<u>\$ 1,141,357</u>	<u>\$ 1,116,454</u>	<u>\$ 2,257,811</u>	<u>\$ 2,257,811</u>	<u>\$ -</u>
Recapitulation:					
Unassigned				\$ 2,257,811	
Reconciliation to governmental funds statements (GAAP):					
Fiscal year 2022 last state aid payments not recognized on GAAP basis				-	
Fund balance per governmental funds (GAAP)				<u>\$ 2,257,811</u>	

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

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual
Revenues					
Local	\$ -	\$ -	\$ -	\$ 1	(1)
Federal	1,930,175	460,801	2,390,976	2,390,976	-
State	-	36,569	36,569	36,569	-
Total Revenues	<u>1,930,175</u>	<u>497,370</u>	<u>2,427,545</u>	<u>2,427,546</u>	<u>(1)</u>
Expenditures					
Instruction:					
Salaries	324,250	(40,750)	283,500	283,500	-
Salaries of teachers	135,358	150,000	285,358	285,358	-
Other salaries for instruction	559,144	(223,413)	335,731	335,731	-
Purchased professional and technical services	217,500	72,475	289,975	289,975	-
Other purchased services (400-500 series)	16,000	-	16,000	16,000	-
Instructional supplies	43,361	94,260	137,621	137,621	-
Textbooks	7,830	49,137	56,967	56,967	-
Other objects	17,000	(7,972)	9,028	9,028	-
Total Instruction	<u>1,320,443</u>	<u>93,737</u>	<u>1,414,180</u>	<u>1,414,180</u>	<u>-</u>
Support Services:					
Salaries of program directors	85,305	(2,413)	82,892	82,892	-
Salaries of other professional staff	101,901	28,498	130,399	130,399	-
Employee benefits	209,362	111,454	320,816	320,816	-
Professional technical services	64,319	500	64,819	64,819	-
Other purchased professional and technical services	-	34,414	34,414	34,414	-
Transportation	100,000	204,454	304,454	304,454	-
Supplies and materials	-	10,398	10,398	10,398	-
Student activities	-	-	-	29	(29)
Other objects	48,845	(8,241)	40,604	40,604	-
Total Support Services	<u>609,732</u>	<u>379,064</u>	<u>988,796</u>	<u>988,825</u>	<u>(29)</u>
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment	-	24,569	24,569	24,569	-
Total Facilities Acquisition and Construction Services					
Total Expenditures	<u>1,930,175</u>	<u>497,370</u>	<u>2,427,545</u>	<u>2,427,574</u>	<u>(29)</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	\$ -	\$ (28)	28
Fund Balance at beginning of year				2,643	
Fund Balance at end of year				<u>\$ 2,615</u>	
Recapitulation:					
Restricted:					
Student Activities				2,615	
Total Fund Balance				<u>\$ 2,615</u>	

**NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION**

PART II

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

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

YEAR ENDED JUNE 30, 2022

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule:	[C-1]	\$ 8,271,342	[C-2]	2,427,546
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		-
Last State aid payment recognized for budgetary purposes only.		-		-
General Fund contribution to Early Childhood Program Aid.		-		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	<u>8,271,342</u>	[B-2]	<u>2,427,546</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	6,829,270	[C-2]	2,427,546
Differences - budget to GAAP				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		-		-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes. Net transfer (outflows) to general fund		-		-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 6,829,270</u>	[B-2]	<u>\$ 2,427,546</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

PART III

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

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

EXHIBIT L-1

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Charter School's proportion of the net pension liability (asset)	0.0133379588%	0%	0%	0%	0%
Charter School's proportionate share of the net pension liability (asset)	\$ 1,580,081	\$ -	\$ -	\$ -	\$ -
Charter School's covered-employee payroll	\$ 57,485	\$ -	\$ -	\$ -	\$ -
Charter School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2748.68%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	70.33%	0.00%	0.00%	0.00%	0.00%

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

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

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

EXHIBIT L-2

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 156,203	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>(156,203)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered-employee payroll	\$ 57,485	\$ 57,485	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	271.73%	0.00%	0.00%	0.00%	0.00%

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

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

EXHIBIT L-3

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
State's proportion of the net pension liability (asset) attributable to the Charter School	0.0000000000%	0.0000000000%	0.0000000000%	0.0000000000%	0.0000000000%
State's proportionate share of the net pension liability (asset) attributable to the Charter School	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) attributable to the Charter School as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

**NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION**

PART III

**ACHIEVE COMMUNITY CHARTER SCHOOL
(COUNTY OF ESSEX, NEW JERSEY)****NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART III
YEAR ENDED JUNE 30, 2022****Public Employees Retirement System (PERS)**

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

Change in assumptions. The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. The discount rate used to measure the total pension liability did not change at 7.00%.

Teachers Pension and Annuity Fund (TPAF)

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

Change in assumptions. The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. The discount rate used to measure the total pension liability changed from 5.40% to 7.00% in the current measurement date. This change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 68.

The discount rate of 7.00% (5.40% in prior measurement date) at the June 30, 2021 measurement date was based on 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% (78% in prior measurement date) of the actuarially determined contributions for the State.

Other Post-employment Benefits (OPEB)

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

Change in assumptions. The calculation of the discount rate used to measure the total nonemployer OPEB liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. The discount rate used to measure the total pension liability changed from 2.21% to 2.16% in the current measurement date. This change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 75. 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.

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

NAME OF CHARTER SCHOOL
(COUNTY OF ESSEX, NEW JERSEY)

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

LAST TEN FISCAL YEARS (1)

	Fiscal Year Ended June 30,				
	2022	2021	2020	2019	2018
Charter School's proportion of the Total OPEB Liability (Asset)	0.001460727%	0%	0%	0%	0%
Charter School's proportionate share of the Total OPEB Liability (Asset)	\$ 876,548	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the Total OPEB Liability (Asset) associated with the Charter School	\$ 876,548	\$ -	\$ -	\$ -	\$ -
Charter School Covered-employee payroll ⁽²⁾					
Charter School's proportionate share of the Total OPEB Liability (Asset) as a percentage of its covered-employee payroll	\$ 57,485	0%	0%	0%	0%
Plan fiduciary net position as a percentage of the total OPEB Liability	0%	0%	0%	0%	0%
Total State OPEB Liability Attributable to Charter School					
Service cost	-	-	-	-	-
Interest	22,739	-	-	-	-
Change of benefit term	(933)	-	-	-	-
Difference between expected and actual experience	871,208	-	-	-	-
Changes in assumptions and other inputs	865	-	-	-	-
Benefit payments	(17,912)	-	-	-	-
Contributions from the member	581	-	-	-	-
Net Change in Total State OPEB Liability Attributable to Charter School	876,548	-	-	-	-
Total State OPEB Liability Attributable to Charter School:					
At beginning of year	-	-	-	-	-
At end of year	\$ 876,548	\$ -	\$ -	\$ -	\$ -
Total State OPEB liability as a percentage of Charter School covered-employee payroll	1524.83%	0.00%	0.00%	0.00%	0.00%

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

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

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

Source: GASB 75 report on State of New Jersey State Health Benefits Program; Charter School records.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS

YEAR ENDED JUNE 30, 2022

	Every Student Succeeds Act (E.S.S.A.)			I.D.E.A.				COVID-19 GRANTS				Restorative Justice Education Funds	SDA Emergent Needs and Capital Maintenance	Project Neighborhood	CMO Developer Grant	Student Activities	Total	
	Title I, Part A ESEA	Title II-A Teacher and Principal Training and Recruiting	Title III-English Language Enhancement	I.D.E.A. Basic	Preschool I.D.E.A.	COVID-19 ARP - I.D.E.A. Preschool	COVID-19 ARP - I.D.E.A. Basic	CRRSA ESSER II	ESSER II Learning Acceleration Grant	CRRSA ESSER II Mental Health	ARP - ESSER							
Revenues																		
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 1		
Federal sources	284,455	25,142	583	64,319	1,447	1,559	17,014	184,616	1,045	7,048	1,226,900	-	-	376,278	200,570	-	2,390,976	
State sources	-	-	-	-	-	-	-	-	-	-	-	12,000	24,569	-	-	-	36,569	
Total revenues	284,455	25,142	583	64,319	1,447	1,559	17,014	184,616	1,045	7,048	1,226,900	12,000	24,569	376,278	200,570	1	2,427,546	
Expenditures																		
Instruction:																		
Salaries	190,000	-	-	-	-	-	-	-	-	-	-	-	-	-	93,500	-	283,500	
Salaries of teachers	-	-	-	-	-	-	12,315	-	-	-	123,043	-	-	150,000	-	-	285,358	
Salaries - other	-	-	-	-	-	-	-	110,196	-	-	225,535	-	-	-	-	-	335,731	
Purchased professional and technical Services	-	-	-	-	-	-	-	12,500	-	7,048	94,149	-	-	176,278	-	-	289,975	
Other purchased services (400-500 series)	-	-	-	-	-	-	-	-	-	-	16,000	-	-	-	-	-	16,000	
Instructional supplies	8,955	-	-	-	1,447	1,559	3,757	19,042	1,045	-	15,956	8,710	-	-	77,150	-	137,621	
Textbooks	-	-	-	-	-	-	-	-	-	-	6,967	-	-	-	-	-	56,967	
Other objects	-	-	-	-	-	-	-	-	-	-	9,028	-	-	50,000	-	-	9,028	
Total instruction	198,955	-	-	-	1,447	1,559	16,072	141,738	1,045	7,048	490,678	8,710	-	376,278	170,650	-	1,414,180	
Support services:																		
Salaries of program directors	-	-	-	-	-	-	-	-	-	-	82,892	-	-	-	-	-	82,892	
Salaries of other professional staff	-	-	-	-	-	-	-	-	32,000	-	98,399	-	-	-	-	-	130,399	
Employee benefits	85,500	-	-	-	-	-	942	10,878	-	-	193,576	-	-	-	29,920	-	320,816	
Professional technical services	-	-	-	64,319	-	-	-	-	-	-	-	500	-	-	-	-	64,819	
Other purchased professional and technical services	-	-	-	-	-	-	-	-	-	-	34,414	-	-	-	-	-	34,414	
Transportation	-	-	-	-	-	-	-	-	-	-	304,454	-	-	-	-	-	304,454	
Supplies and materials	-	-	-	-	-	-	-	-	-	-	7,608	2,790	-	-	-	-	10,398	
Student activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29	29	
Other objects	-	25,142	583	-	-	-	-	-	-	-	14,879	-	-	-	-	-	40,604	
Total support services	85,500	25,142	583	64,319	-	-	942	42,878	-	-	736,222	3,290	-	-	29,920	29	988,825	
Facilities Acquisition and Construction Services:																		
Non-instructional equipment	-	-	-	-	-	-	-	-	-	-	-	-	24,569	-	-	-	24,569	
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	-	-	-	-	-	-	24,569	-	-	-	24,569	
Total expenditures	284,455	25,142	583	64,319	1,447	1,559	17,014	184,616	1,045	7,048	1,226,900	12,000	24,569	376,278	200,570	29	2,427,574	
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (28)	\$ (28)	
Fund balance at beginning of the year																	2,643	2,643
Fund balance at end of year																	\$ 2,615	\$ 2,615

CAPITAL PROJECTS FUND

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

At June 30, 2022, there was no capital project fund.

ENTERPRISE FUNDS

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

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

ENTERPRISE FUND

COMBINING SCHEDULE OF NET POSITION

JUNE 30, 2022

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

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

ENTERPRISE FUND

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

YEAR ENDED JUNE 30, 2022

	FOOD SERVICE
	<u> </u>
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ -
Miscellaneous revenue	<u>-</u>
Total operating revenues	<u>-</u>
Operating expenses:	
Miscellaneous	<u>19,343</u>
Total operating expenses	<u>19,343</u>
Operating income/ (loss)	<u>(19,343)</u>
Nonoperating revenues:	
State sources:	
State School Lunch	-
Federal sources:	
National School Lunch	-
National School Breakfast	<u>-</u>
Total nonoperating revenues	<u>-</u>
Income before transfers	(19,343)
Transfers in - General fund	<u>19,343</u>
Changes in net position	-
Total net position at beginning of year	<u>-</u>
Total net position at end of year	<u><u>\$ -</u></u>

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

ENTERPRISE FUND

COMBINING SCHEDULE OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

	FOOD SERVICE
	<u> </u>
Cash flows from operating activities	
Operating loss	\$ (19,343)
Adjustment to reconcile operating income to net cash from operating activities:	
Depreciation	-
Changes in assets and liabilities:	
Accounts receivable	11,260
Interfund payable	<u>(11,260)</u>
Net cash used by operating activities	<u>(19,343)</u>
 Cash flows from noncapital financing activities	
Transfer-in from General Fund	19,343
Cash received from state and federal reimbursements	<u>-</u>
Net cash from noncapital financing activities	<u>19,343</u>
 Net decrease in cash and cash equivalents	-
Cash and cash equivalents at beginning of the year	<u>-</u>
 Cash and cash equivalents at end of year	<u>\$ -</u>

FIDUCIARY FUNDS

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

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

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

At June 30, 2022, the Charter School do not have a Trust Fund nor Custodial Fund.

LONG-TERM DEBT

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

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

EXHIBIT I-2

LONG-TERM DEBT

SCHEDULE OF OBLIGATIONS UNDER LEASES

YEAR ENDED 30, 2022

<u>Purpose</u>	<u>Date of Original Issue</u>	<u>Term of Lease</u>	<u>Amount of Original Lease</u>		<u>Interest Rate</u>	<u>Balance at 6/30/2021</u>	<u>Issued Current year</u>	<u>Retired Current Year</u>	<u>Balance at 6/30/2022</u>
			<u>Principal</u>	<u>Interest</u>					
School building	7/1/2018	6 years	\$ 2,228,094	\$ 436,950	6.00%	\$ 1,235,356	\$ -	\$ 387,410	\$ 847,946

STATISTICAL SECTION (UNAUDITED)

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

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

INTRODUCTION TO THE STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	73
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	N/A
Debt Capacity These schedules present information to help the reader assess the affordability of the district' s current levels of outstanding debt and the district's ability to issue additional debt in the future.	N/A
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	77
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	79
Note (1):	<i>Fiscal year ended June 30, 2018 is the first operating year of the Charter School; schedules presenting charter-wide information include information beginning in that year.</i>

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

EXHIBIT J-1

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

(Accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2022	2021	2020	2019	2018
Governmental activities					
Invested in right-of-use assets, net of related debt	\$ (105,247)	\$ 121,309	\$ -	\$ -	\$ -
Restricted	2,615	2,643	2,643	-	-
Unrestricted	<u>1,946,130</u>	<u>694,430</u>	<u>46,969</u>	<u>3,400</u>	<u>38,537</u>
Total governmental activities net position	<u>\$ 1,843,498</u>	<u>\$ 818,382</u>	<u>\$ 49,612</u>	<u>\$ 3,400</u>	<u>\$ 38,537</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Unrestricted	-	-	<u>(25,971)</u>	<u>(34,392)</u>	-
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (25,971)</u>	<u>\$ (34,392)</u>	<u>\$ -</u>
School-wide					
Invested in right-of-use assets, net of related debt	\$ (105,247)	\$ 121,309	\$ -	\$ -	\$ -
Restricted	2,615	2,643	2,643	-	-
Unrestricted	<u>1,946,130</u>	<u>694,430</u>	<u>20,998</u>	<u>(30,992)</u>	<u>38,537</u>
Total charter school net position	<u>\$ 1,843,498</u>	<u>\$ 818,382</u>	<u>\$ 23,641</u>	<u>\$ (30,992)</u>	<u>\$ 38,537</u>

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

CHANGES IN NET POSITION

Last Ten Fiscal Years (1)

(Accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2022	2021	2020	2019	2018
Expenses					
Governmental activities					
Instruction	\$ 5,160,496	\$ 2,877,453	\$ 3,333,485	\$ 2,370,936	\$ 724,567
Administrative	1,948,402	1,127,612	906,773	533,889	167,020
Support Services	2,115,295	1,036,908	1,114,357	868,343	145,896
Unallocated:					
Capital outlay	41,532	-	-	135,934	6,280
Amortization of right-of-use asset	371,348	-	-	-	-
Total governmental activities expenses	<u>9,637,073</u>	<u>5,041,973</u>	<u>5,354,615</u>	<u>3,909,102</u>	<u>1,043,763</u>
Business-type activities:					
Food service	19,343	36,115	116,770	158,263	-
Total business-type activities expense	<u>19,343</u>	<u>36,115</u>	<u>116,770</u>	<u>158,263</u>	<u>-</u>
Total charter school expenses	<u>9,656,416</u>	<u>5,078,088</u>	<u>5,471,385</u>	<u>4,067,365</u>	<u>1,043,763</u>
Program Revenues					
Governmental activities:					
Charges for services:	1	-	-	-	-
Operating grants and contributions	3,428,037	1,067,413	962,610	794,015	217,693
Total governmental activities program revenues	<u>3,428,038</u>	<u>1,067,413</u>	<u>962,610</u>	<u>794,015</u>	<u>217,693</u>
Business-type activities:					
Charges for services					
Food service	-	-	45	254	-
After school program	-	-	-	-	-
Operating grants and contributions	-	-	125,147	123,617	-
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>125,192</u>	<u>123,871</u>	<u>-</u>
Total charter school program revenues	<u>3,428,038</u>	<u>1,067,413</u>	<u>1,087,802</u>	<u>917,886</u>	<u>217,693</u>
Net (Expense)/Revenue					
Governmental activities	(6,209,035)	(3,974,560)	(4,392,005)	(3,115,087)	(826,070)
Business-type activities	(19,343)	(36,115)	8,422	(34,392)	-
Total charter school-wide net expense	<u>(6,228,378)</u>	<u>(4,010,675)</u>	<u>(4,383,583)</u>	<u>(3,149,479)</u>	<u>(826,070)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Local	1,021,888	566,328	925,620	432,026	131,141
Grants and contributions	6,283,891	3,833,659	3,417,789	2,618,526	728,034
Other financing sources (uses)	-	340,090	-	-	-
Miscellaneous income	69,024	39,368	83,744	63,790	5,432
Transfers	(19,343)	(62,086)	-	-	-
Total governmental activities	<u>7,355,460</u>	<u>4,717,359</u>	<u>4,427,153</u>	<u>3,114,342</u>	<u>864,607</u>
Business-type activities:					
Transfers	19,343	62,086	-	-	-
Total business-type activities	<u>19,343</u>	<u>62,086</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charter school-wide	<u>7,374,803</u>	<u>4,779,445</u>	<u>4,427,153</u>	<u>3,114,342</u>	<u>864,607</u>
Changes in Net Position					
Governmental activities	1,146,425	742,799	35,148	(745)	38,537
Business-type activities	-	25,971	8,422	(34,392)	-
Total charter school	<u>\$ 1,146,425</u>	<u>\$ 768,770</u>	<u>\$ 43,570</u>	<u>\$ (35,137)</u>	<u>\$ 38,537</u>

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

FUND BALANCES - GOVERNMENTAL FUNDS

Last Ten Fiscal Years (1)

(Modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2022	2021	2020	2019	2018
General Fund					
Assigned	\$ -	\$ -	\$ -	\$ 264,007	\$ -
Restricted	2,615	2,643	-	2,615	2,643
Unassigned	<u>2,257,811</u>	<u>815,739</u>	<u>72,940</u>	<u>(226,215)</u>	<u>38,537</u>
Total general fund	<u>\$ 2,260,426</u>	<u>\$ 818,382</u>	<u>\$ 72,940</u>	<u>\$ 40,407</u>	<u>\$ 41,180</u>

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

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

Function	2022	2021	2020	2019	2018
Revenues					
Local Sources:					
Local tax levy	\$ 1,021,888	\$ 566,328	\$ 518,300	\$ 432,026	\$ 215,161
Miscellaneous	69,025	110,043	419,740	183,790	5,432
State sources	7,216,999	3,875,179	3,194,352	2,598,411	756,321
Federal sources	2,390,976	955,218	850,051	694,130	105,386
Total Revenues	<u>10,698,888</u>	<u>5,506,768</u>	<u>4,982,443</u>	<u>3,908,357</u>	<u>1,082,300</u>
Current expense					
Instruction	3,601,013	2,459,851	2,767,277	2,017,731	671,300
Administrative cost	2,307,961	1,333,049	1,277,999	788,250	188,199
Support services	1,939,448	1,136,878	1,196,780	867,302	148,897
Capital outlay	41,532	-	-	135,934	6,280
TPAF - FICA Reimbursement	121,634	112,195	112,559	99,885	28,287
TPAF - On-behalf payments	774,905	-	-	-	-
Total Expenditures	<u>8,786,493</u>	<u>5,041,973</u>	<u>5,354,615</u>	<u>3,909,102</u>	<u>1,042,963</u>
Excess (deficiency) of revenues over expenditures	1,912,395	464,795	(372,172)	(745)	39,337
Other financing sources (uses):					
Transfer to food program	(19,343)	(62,086)	-	-	-
Paycheck Protection Program loan forgiven	-	343,878	-	-	-
Interest expense forgiven (non-budgeted)	-	(3,788)	-	-	-
Interest payments on leases	(63,598)	-	-	-	-
Principal payments on leases	(387,410)	-	-	-	-
Total other financing sources (uses)	<u>(470,351)</u>	<u>278,004</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,442,044</u>	<u>\$ 742,799</u>	<u>\$ (372,172)</u>	<u>\$ (745)</u>	<u>\$ 39,337</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Charter school's records.

Note: Noncapital expenditures are total expenditures less capital outlay.

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

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

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2022	**	**	**	**
2021	307,220	**	**	10.60%
2020	282,520	\$ 19,916,812,440	\$ 70,497	14.70%
2019	282,903	18,650,946,081	65,927	6.00%
2018	282,223	17,927,087,183	63,521	7.00%
2017	281,340	17,628,483,060	62,659	7.50%

** Data not available

Source:

^a U.S. Census Bureau, Population Division

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

^c Per capita personal income was computed using Census Bureau midyear population estimates. All dollar estimates are in thousands of current dollars (not adjusted for inflation). Estimates for 2010-2018 reflect county population estimates available as of March 6, 2019.

^d Unemployment data provided by the New Jersey Department of Labor and Workforce Development

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

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

Employer	2022		2018	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
St. Barnabas Health Care System	Not available	**	23,000	**
Verizon	Not available	**	17,100	**
Prudential Ins. Co. of America	Not available	**	16,850	**
Rutgers University - Newark Campus	Not available	**	15,500	**
Continental Airlines	Not available	**	11,000	**
Newark Board of Education	Not available	**	7,050	**
Automatic Data Processing	Not available	**	5,649	**
New Jersey Transit	Not available	**	4,000	**
City of Newark	Not available	**	4,000	**
Essex County	Not available	**	3,500	**
PSE&G	Not available		-	
JP Morgan Chase	Not available		-	
Horizon Blue Cross/Blue Shield	Not available		-	
Roche	Not available		-	
KPMG	Not available		-	
Ricoh American Corp	Not available		-	
	Not available		<u>107,649</u>	

Note - Principal employers are that of Essex County

** - Information not available

Source: Essex County Economic Development Corporation

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

FULL-TIME EQUIVALENT CHARTER SCHOOL EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years (1)

(Unaudited)

<u>Function/Program</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Instruction	40	37	35	35	4
Administrative	6	4	10	10	3
Support Services	4	10	5	5	7
Food Service	-	-	-	-	-
Total	<u>50</u>	<u>51</u>	<u>50</u>	<u>50</u>	<u>14</u>

Source: Charter School's personnel records

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

OPERATING STATISTICS

Last Ten Fiscal Years (1)
(Unaudited)

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2022	450	\$ 9,237,501	20,528	81.99%	40	11:1	454.6	427.1	15%	93.93%
2021	447	5,041,973	11,280	-35.54%	37	12:1	380.6	370.9	41%	97.44%
2020	306	5,354,615	17,499	2.49%	35	9:1	374.0	263.2	21%	70.36%
2019	221	3,773,168	17,073	0.38%	35	6:1	221.2	217.9	262%	98.51%
2018	61	1,037,483	17,008	N/A	5	12:1	62.8	60.1	N/A	95.77%

Source: Charter School's Records

Note: Enrollment based on annual October Charter School count.

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

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

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

	2022	2021	2020	2019	2018
<u>Charter School Building</u>					
<u>Elementary School</u>					
Square Feet	4,000	4,000	4,000	4,000	4,000
Capacity (students)	900	900	900	900	900
Enrollment	450	447	306	221	61
Number of Schools	1	1	1	1	1

Source: Charter School's Records

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

INSURANCE SCHEDULE

**June 30, 2022
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Cyber Liability ⁽²⁾		
All insuring Clauses Combined	\$1,000,000	
Cyber Incident Response	1,000,000	
Legal and Regulatory	1,000,000	\$5,000
IT Security and Forensic	1,000,000	5,000
Crisis Communication	1,000,000	5,000
Privacy Breach Management	1,000,000	5,000
Third Party Privacy Breach Management	1,000,000	5,000
Post Breach Remediation	50,000	-
Electronic Theft - Financial Assets	250,000	5,000
Electronic Theft - Third Party Funds	250,000	5,000
Electronic Theft - Personal Financial Assets	250,000	5,000
Extortion	1,000,000	5,000
Authorized Push Payment Fraud	250,000	5,000
Telephone Hacking	250,000	5,000
Unauthorized Use of Computer Resources	250,000	5,000
System Damage and Rectification	1,000,000	5,000
Income loss and extra expense	1,000,000	5,000
Dependant Business Interruption	1,000,000	5,000
Claim preparation costs	25,000	-
Network Security Liability	1,000,000	5,000
Privacy Liability	1,000,000	5,000
Management Liability	1,000,000	5,000
Regulatory Investigation	1,000,000	5,000
Merchant Services Liability	1,000,000	5,000
Defamation	1,000,000	5,000
Intellectual Property right infringement	1,000,000	5,000
Commercial General Liability ⁽¹⁾		
General aggregate	3,000,000	
Products/Completed Ops Aggregate	3,000,000	
Personal & Advertising Injury	1,000,000	
Each Occurrence	1,000,000	
Damages to premises Rented	100,000	any one premises
Medical expense	5,000	any one person
Additional Coverage, Endorsements and xclusions		
Employee Benefits - aggregate	3,000,000	
Employee Benefits - limit	1,000,000	1,000
Non Owned & Hired Auto Liability	1,000,000	
Abuse or Molestation - aggregate	3,000,000	

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

INSURANCE SCHEDULE

**June 30, 2022
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Abuse or Molestation - limit	1,000,000	
Property⁽¹⁾		
Business Personal Property Insured	1,040,000	1,000
Business Income/Extra Expense	1,082,000	
Crime⁽¹⁾		
Employee Theft	200,000	2,500
Accident-Health⁽³⁾		
Maximum Benefit	25,000	
Accidental Death	25,000	
Accidental Dismemberment	up to 50,000	
Accidental Paralysis	50,000	
Commercial Package Policy⁽¹⁾		
General Liability Coverages		
Each occurrence	1,000,000	
Fire Damage Legal Liability	1,000,000	
Medical expense Limit	20,000	
Personal and Advertising Injury	1,000,000	
General aggregate	3,000,000	
Products/Completed Operations Aggregate	3,000,000	
Umbrella/Excess Coverages⁽¹⁾		
Per Occurrence	1,000,000	
General aggregate	1,000,000	
Products-Completed Operations	1,000,000	
Retention	None	

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

INSURANCE SCHEDULE

**June 30, 2022
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Employment Practices & Educators Legal Liability⁽⁴⁾		
Defense Reimbursement Payments - Retention 10,000	50,000/100,000	
Employment Practices Liability - Retention 25,000	1,000,000	
D&O - Educators Legal Liability - Retention 10,000	1,000,000	
Policy Aggregate	1,000,000	

Source: Charter School's Records

⁽¹⁾ Great American Insurance Company

⁽²⁾ CFC USA, INC.

⁽³⁾ Philadelphia Indemnity Insurance

⁽⁴⁾ Greenwich Insurance Company

Digital Asset Restoration	1,000,000	5,000
Funds Transfer Fraud	500,000	25,000

Source: Charter School's Records

⁽¹⁾ Lloyds of London

⁽²⁾ State National Insurance Company, Inc.

⁽³⁾ Philadelphia Indemnity Insurance

⁽⁴⁾ Greenwich Insurance Company

⁽⁵⁾ North American Capacity Insurance Co

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

CHARTER SCHOOL PERFORMANCE FRAMEWORK
FINANCIAL PERFORMANCE
FISCAL RATIOS

Multi-Year Information

	2020 Audit	2021 Audit	2022 Audit	Source
Cash	\$ 319,651	\$ 470,300	\$ 1,310,117	Audit: Exhibit A-1
Current Assets	916,867	1,391,958	3,384,364	Audit: Exhibit A-1
Current Liabilities	529,808	573,576	1,123,938	Audit: Exhibit A-1
Total Expenses	5,471,385	5,078,088	9,656,416	Audit: Exhibit A-2
Change in Net Assets	43,570	(4,010,675)	(6,228,378)	Audit: Exhibit A-2
Final Average Daily Enrollment (exclude PK)*	306	447	450	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)	500	470	470	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/note/bond payable:</i>				
Depreciation Expense	-	-	-	Auditor/Workpapers
Interest Expense	-	-	-	Auditor/Workpapers
Principal Payments	-	-	-	Auditor/Workpapers
Interest Payments	-	-	-	Auditor/Workpapers

Performance Indicators		2020	2021	2022	3 YR CUM	Calculation****	Target****
Near Term Indicators							
1a.	Current Ratio (working capital ratio)	1.73	2.43	3.01		Current Assets/Current Liabilities	> 1.1 or between 1.0-1.1 with positive trend
1b.	Unrestricted days cash on hand	21	34	50		Cash/(Total Expenses/365)	60 days or 30-60 days with positive trend
1c.	Enrollment Variance	61%	95%	96%	205%	Average Daily Enrollment/Budgeted Enrollment	>95% or >95% for 3 yr cum
1d.**	Default on loans or delinquent in debt payment	NO	NO	NO		Auditor	not in default
Sustainability Indicators							
2a***	3 Year Cumulative Cash Flow	\$ 264,163	\$ 150,649	\$ 990,466	\$ 1,438,752	Net change in cash flow from prior years	3 yr cum positive with most recent year positive
2b	Debt Service Coverage Ratio	N/A	N/A	N/A		N/A or (Change in Net Position + depreciation + interest expense) / (principal + interest payments)	>1.10

* For renaissance schools: use Oct 15 count if no final count; use head count if ADE not available
 ** Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No
 *** 2021 =2021 Cash - 2020 Cash; 2020 =2020 Cash-2019 Cash; 2019 =2019 Cash-2018 Cash
 **** Refer to NJ Performance Framework

Meets Standard
 Does Not Meet Standard
 Falls Far Below Standard

SINGLE AUDIT SECTION



EXHIBIT K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Achieve Community Charter School (the Charter School), in the County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated February 24, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

We also noted certain matters that we have reported to the Board of Trustees of the Achieve Community Charter School in the County of Essex, New Jersey in a separate *Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance*, dated February 24, 2023.

Purpose of this Report

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



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



Galleros Robinson CPAs, LLP
Certified Public Accountants

February 24, 2023
Cream Ridge, New Jersey



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

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

Report on Compliance for Each Major State and Federal Programs

Opinion on Each Major Federal and State Programs

We have audited the Achieve Community Charter School's (the Charter School) in the County of Essex, State of New Jersey compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal and state programs for the fiscal year ended June 30, 2022. The Charter School's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Charter School in the County of Essex, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2022.

Basis of Opinion on Each Major Federal and State Programs

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

We are required to be independent of the 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 federal program. Our audit does not provide a legal determination of the Charter School's compliance with the compliance requirements referred to above.

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

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, statute, regulations, rules and provisions of contracts or grant agreements applicable to its federal and state 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 the 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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the New Jersey OMB Circular Letter 15-08 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 the Charter School's compliance with the requirements of each major federal and state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the New Jersey OMB Circular Letter 15-08, 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 the 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 the 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 the Uniform Guidance and the New Jersey OMB Circular Letter 15-08, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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

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 federal and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

Purpose of this Report

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



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



Galleros Robinson CPAs, LLP
Certified Public Accountants

February 24, 2023
Cream Ridge, New Jersey

SCHEDULE OF STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2022

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures Pass-through Funds	Adjustments Repayment Prior Year's Balances	Balance at June 30, 2022		Due to Grantor	MEMO	
				Deferred Revenue (Accounts Receivable)	Due to Grantor					Intergovernmental (Accounts Receivable)	Deferred Revenue/ Interfund Payable		Budgetary Receivable	Cumulative Total Expenditure
New Jersey State Department of Education														
General Fund:														
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	\$ 5,809,195	\$ -	\$ -	\$ -	\$ 5,745,676	\$ (5,809,195)	\$ -	\$ (149,244)	\$ -	\$ 85,725	\$ 149,244	\$ 5,809,195
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	3,200,710	(324,895)	-	-	314,881	-	-	(10,014)	-	-	10,014	-
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	2,863,368	(4,236)	-	-	2,924	-	-	(1,312)	-	-	1,312	-
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	2,334,463	(47,972)	-	47,972	-	-	-	-	-	-	-	-
Special Education Categorical Aid	22-495-034-5120-089	7/1/22-6/30/22	213,608	-	-	-	213,608	(213,608)	-	-	-	-	-	213,608
Security Aid	22-495-034-5120-084	7/1/22-6/30/22	261,088	-	-	-	261,088	(261,088)	-	-	-	-	-	261,088
Reimbursed Social Security Tax	22-495-034-5094-003	7/1/22-6/30/22	121,634	-	-	-	111,490	(121,634)	-	(10,144)	-	-	-	121,634
Reimbursed Social Security Tax	21-495-034-5094-003	7/1/20-6/30/21	112,195	(14,404)	-	-	14,404	-	-	-	-	-	-	-
On-Behalf Teachers' Pension and Annuity Fund	22-495-034-5094-002	7/1/21-6/30/22	627,590	-	-	-	627,590	(627,590)	-	-	-	-	-	627,590
On-Behalf Teachers' Pension and Annuity Fund – Post-Retirement Medical	22-495-034-5094-001	7/1/21-6/30/22	146,631	-	-	-	146,631	(146,631)	-	-	-	-	-	146,631
On-Behalf Teachers' Pension & Annuity Fund – Non-contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22	684	-	-	-	684	(684)	-	-	-	-	-	684
Total General Fund				(391,507)	-	47,972	7,438,976	(7,180,430)	-	(170,714)	-	85,725	160,570	7,180,430
Special Revenue Fund:														
Charter and Renaissance School Project Emergent and Capital Maintenance	N/A	7/1/21-6/30/22	24,569	-	-	-	24,569	(24,569)	-	-	-	-	-	24,569
				-	-	-	24,569	(24,569)	-	-	-	-	-	24,569
New Jersey State Department of Education Passed-through Kean University														
Restorative Justice Education Funds	21-495-034-5064-006	5/1/21-8/31/24	12,000	-	-	-	-	(12,000)	-	(12,000)	-	-	12,000	12,000
Total Special Revenue Fund				-	-	-	24,569	(36,569)	-	(12,000)	-	-	12,000	36,569
New Jersey State Department of Education Enterprise Fund:														
State School Lunch Program	20-100-010-3350-023	7/1/19-6/30/20	1,718	(213)	-	-	213	-	-	-	-	-	-	-
Total Expenditures of State Financial Assistance				\$ (391,720)	\$ -	\$ 47,972	\$ 7,439,189	\$ (7,216,999)	\$ -	\$ (170,714)	\$ -	\$ 85,725	\$ 160,570	\$ 7,180,430
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf Teachers' Pension and Annuity Fund	22-495-034-5094-002							627,590						
On-Behalf Teachers' Pension and Annuity Fund – Post-Retirement Medical	22-495-034-5094-001							146,631						
On-Behalf Teachers' Pension & Annuity Fund – Non-contributory Insurance	22-495-034-5094-004							684						
								774,905						
Total for State Financial Assistance - Major Program Determination								\$ (6,442,094)						

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

Federal Grant/ Pass-Through Grantor/ Program Title	Federal Assistance Listing No.	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2021	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2022		
					From	To						(Accounts Receivable)	Deferred Revenue	Due to Grantor
Special Revenue Fund:														
U.S. Department of Education:														
Passed-through New Jersey State Department Education														
Title I Part A Grants to Local Educational Agencies	84.010	S010A210030	ESEA - 6110 - 22	\$ 284,455	7/1/2021	9/30/2022	\$ -	\$ -	\$ 191,200	\$ (284,455)	\$ -	\$ (93,255)	\$ -	\$ -
Title I Part A Grants to Local Educational Agencies	84.010	S010A200030	ESEA - 6110 - 21	292,267	7/1/2020	9/30/2021	(72,808)	-	72,808	-	-	-	-	-
Subtotal Title I Part A							(72,808)	-	264,008	(284,455)	-	(93,255)	-	-
Special Education Cluster														
Individuals with Disabilities - States Grant (Basic)	84.027A	H027A210100	IDEA - 6110 - 22	65,878	7/1/2021	9/30/2022	-	-	64,319	(64,319)	-	-	-	-
Individuals with Disabilities - States Grant (Basic)	84.027A	H027A200100	IDEA - 6110 - 21	58,418	7/1/2020	9/30/2021	(37,340)	-	37,340	-	-	-	-	-
COVID-19 American Rescue Plan (ARP) - IDEA Basic	84.027X	H027X210100	IDEA - 6110 - 22	18,461	7/1/2021	9/30/2022	-	-	17,014	(17,014)	-	-	-	-
Preschool Grants for Children with Disabilities	84.173	H173A210114	IDEA - 6110 - 22	1,447	7/1/2021	9/30/2022	-	-	1,447	(1,447)	-	-	-	-
Preschool Grants for Children with Disabilities	84.173	H173A200114	IDEA - 6110 - 21	1,404	7/1/2020	9/30/2021	(1,404)	-	1,404	-	-	-	-	-
COVID-19 ARP IDEA Preschool	84.173X	H173X210114	IDEA - 6110 - 22	1,559	7/1/2021	9/30/2022	-	-	1,559	(1,559)	-	-	-	-
Subtotal Special Education Cluster							(38,744)	-	123,083	(84,339)	-	-	-	-
Title III English Language Acquisition Grant	84.365	S365A210030	ESEA - 6110 - 22	2,753	7/1/2021	9/30/2022	-	-	-	(583)	-	(583)	-	-
Title II Part A Supporting Effective Instruction Grant	84.367A	S367B210027	ESEA - 6110 - 22	25,142	7/1/2021	9/30/2022	-	-	25,142	(25,142)	-	-	-	-
COVID-19 - Education Stabilization Fund														
COVID-19 - CRRSA Elementary and Secondary School Emergency Relief Fund (ESSER) II	84.425D	S425D210027	N/A	184,616	3/13/2020	9/30/2023	-	-	179,616	(184,616)	-	(5,000)	-	-
COVID-19 - CRRSA ESSER II - Learning Acceleration	84.425D	S425D210027	N/A	51,045	3/13/2020	9/30/2023	-	-	828	(1,045)	-	(217)	-	-
COVID-19 - CRRSA ESSER II - Mental Health	84.425D	S425D210027	N/A	45,000	3/13/2020	9/30/2023	-	-	7,048	(7,048)	-	-	-	-
COVID-19 - CARES Emergency Relief Grant	84.425D	S425D200027	NA	142,119	3/13/2020	9/30/2022	(57,039)	-	57,039	-	-	-	-	-
COVID 19 - American Rescue Plan (ARP) - ESSER	84.425U	S425U210027	N/A	1,787,600	3/13/2021	9/30/2024	-	-	-	(1,226,900)	-	(1,226,900)	-	-
Subtotal COVID-19 - Education Stabilization Fund							(57,039)	-	244,531	(1,419,609)	-	(1,232,117)	-	-
Total Passed-through New Jersey State Department Education							(168,591)	-	656,764	(1,814,128)	-	(1,325,955)	-	-
U.S. Department of Education:														
Passed-through South Ward Alliance														
Project Neighborhood Programs	84.215N	UNKNOWN	UNKNOWN	525,000	1/1/2022	12/31/2022	-	-	295,000	(376,278)	-	(81,278)	-	-
Project Neighborhood Programs	84.215N	UNKNOWN	UNKNOWN	295,000	1/1/2021	12/31/2021	(50,000)	-	-	-	-	(50,000)	-	-
Total Passed-through South Ward Alliance							(50,000)	-	295,000	(376,278)	-	(131,278)	-	-
U.S. Department of Education:														
Passed-through Building Responsible Intelligent Creative Kids														
Charter Schools Program (CSP) Grants to Developers for the Replication and Expansion of High-Quality Charter Schools	84.282	UNKNOWN	UNKNOWN	200,570	10/1/2021	9/30/2022	-	-	127,970	(200,570)	-	(72,600)	-	-
Charter Schools Program (CSP) Grants to Developers for the Replication and Expansion of High-Quality Charter Schools	84.282	UNKNOWN	UNKNOWN	237,800	10/1/2020	9/30/2021	(237,800)	-	145,000	-	-	(92,800)	-	-
Total Passed-through Building Responsible Intelligent Creative Kids							(237,800)	-	272,970	(200,570)	-	(165,400)	-	-
Total U.S. Department of Education							(456,391)	-	1,224,734	(2,390,976)	-	(1,622,633)	-	-
Enterprise Fund:														
U.S. Department of Agriculture														
Passed-through New Jersey State Department of Agriculture														
Child Nutrition Cluster														
National School Breakfast Program	10.553	201NJ304N1099	N/A	31,707	7/1/2019	6/30/2020	(1,075)	-	1,075	-	-	-	-	-
National School Lunch Program	10.555	201NJ304N1099	N/A	91,722	7/1/2019	6/30/2020	(9,972)	-	9,972	-	-	-	-	-
Subtotal Child Nutrition Cluster							(11,047)	-	11,047	-	-	-	-	-
Total U.S. Department of Agriculture							(11,047)	-	11,047	-	-	-	-	-
Total Expenditures of Federal Awards							\$ (467,438)	\$ -	\$ 1,235,781	\$ (2,390,976)	\$ -	\$ (1,622,633)	\$ -	\$ -

**ACHIEVE COMMUNITY CHARTER SCHOOL
(COUNTY OF ESSEX, NEW JERSEY)****NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE****YEAR ENDED JUNE 30, 2022****NOTE 1 GENERAL**

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

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

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS - CONTINUED

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 6,405,525	\$ 6,405,525
Special Revenue Fund	<u>2,390,976</u>	<u>36,569</u>	<u>2,427,545</u>
Total	<u>\$ 2,390,976</u>	<u>\$ 6,442,094</u>	<u>\$ 8,833,070</u>

NOTE 4 RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5 ON-BEHALF PAYMENTS

TPAF Social Security Contributions represents reimbursements in the amount of \$121,634 by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2022. The TPAF on-behalf payments for pension contributions, post-retirement medical benefits and long-term disability insurance contributions from the State amounted to \$774,905 for the year ended June 30, 2022.

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

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

NOTE 7 DE MINIMIS INDIRECT COST

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

SECTION I - SUMMARY OF AUDITOR’S RESULTS

Financial Statement Section

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? _____ Yes No

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

Noncompliance material to financial statements noted? _____ Yes No

Federal Awards

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

Auditee qualified as low-risk auditee? Yes _____ No

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

Internal control over compliance:
 Material weakness(es) identified? _____ Yes No

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

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

Identification of Major Programs:

<u>CFDA No.</u>	<u>Name of Federal Program</u>
84.525	COVID-19 - Education Stabilization Fund
84.425D	COVID-19 - CRRSA ESSER
84.425D	COVID-19 - CRRSA ESSER II - Learning Acceleration
84.425D	COVID-19 - CRRSA ESSER II - Mental Health
84.425U	COVID 19 - American Rescue Plan (ARP) ESSER II

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I - SUMMARY OF AUDITOR'S RESULTS - CONTINUED

State Financial Assistance

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

Auditee qualified as low-risk auditee? Yes No

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

Internal control over compliance:

Material weakness(es) identified? Yes No

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

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

Identification of Major Programs:

<u>State or Project No.</u>	<u>Name of State Program</u>
State Aid Public Cluster:	
22-495-034-5120-078	Equalization Aid
22-495-034-5120-084	Security Aid
22-495-034-5120-089	Special Education Categorical Aid

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

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

None noted.

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

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

YEAR ENDED JUNE 30, 2022

None noted.