

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

***ANNUAL COMPREHENSIVE
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2022

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
OF THE
PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
PATERSON, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

**And
Barre & Company LLC CPAs**

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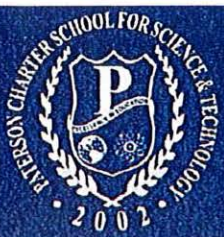
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INTRODUCTORY SECTION



March 15, 2023

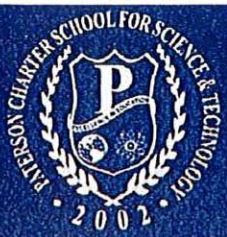
The Honorable President and
Members of the Board of Trustees
Paterson Charter School for Science and Technology
County of Passaic
Paterson, New Jersey

Dear Board Members and Constituents:

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

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

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



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

PATERSON CHARTER SCHOOL FOR SCIENCE & TECHNOLOGY

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PCSST Executive Summary 2022

The Paterson Charter School for Science and Technology (PCSST) was established by concerned parents and individuals in the early 2000s to provide a science and technology-focused education to students in Paterson, New Jersey. The school's founding board was granted its initial charter in 2001, but the school's opening was delayed due to facility issues. In September 2003, PCSST finally opened its doors to 178 students in grades 6, 7, and 9 at its first location on Mill Street. However, during its first two years of operation, this old and narrow four-story 11,000 square-foot facility posed space constraints that prevented the school from offering students a gym or lunchroom and allowed little opportunity for expansion.

In 2005, PCSST moved to a larger 68,000-square-foot building on Wabash Avenue, enabling it to serve up to 588 students in grades 6-12.

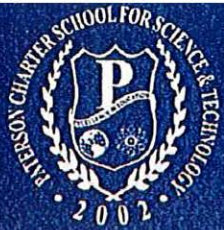
In 2007, PCSST received its first renewal, marking an important milestone in the school's history. However, this was just the beginning of a series of changes that would come to shape PCSST in the years to come. In October 2008, at the request of community stakeholders, the PCSST Board of Trustees submitted a proposal to the NJ Department of Education to offer elementary education. This proposal was granted approval, allowing PCSST to add grades K-5 to its curriculum in 2009. The following year, PCSST welcomed 180 students in grades two through five at the site of a former elementary school building located at 765 14th Avenue in Paterson.

However, as the school continued to grow, it became clear that a larger facility would be needed to accommodate the increasing number of students. As a result, at the start of the 2011-2012 academic year, the elementary campus moved to the Wabash Avenue campus, adding kindergarten and first grades to its program. Meanwhile, the 7-12 campus moved to a former high school building located at 764 11th Avenue in Paterson.

In 2012, PCSST received its second renewal, which was another significant achievement for the school. The following year, the high school underwent the accreditation process with the Middle States Association and was granted Accreditation for Growth, a prestigious seven-year accreditation that recognized the school's commitment to providing a high-quality education to its students.

PCSST faced a facility challenge that persisted even after moving to the 11th Avenue building, and despite three years of occupancy, a long-term lease was not guaranteed. Consequently, the school had to seek a long-term solution, resulting in the relocation of grades 7-12 to an 87,200-square-foot building at 196 West Railway Avenue in the fall of 2014. The landlord had converted the West Railway Avenue building, which was originally a warehouse, into a school, and it was leased as a long-term home, similar to the Wabash Avenue building.

In 2014, PCSST students began to receive Ivy League College acceptances, starting with Cornell University, and this trend continued into 2015, with an acceptance and full scholarship to Princeton University. Subsequently, PCSST received its third renewal and was granted an expansion in 2017 to serve an additional 516 students over the following five years. This expansion necessitated the relocation of the kindergarten and first grade to the school's third campus, which is situated on Main Street in downtown Paterson, and is housed in a 30,000-square-foot building that opened in September 2017.



In 2020, PCSST successfully purchased a vacant 20,000-square-foot building situated at 53 East 34th Street. Following the completion of its renovation in fall 2021, the building became the fourth campus of PCSST and accommodates 2nd and 3rd-grade students. The building boasts state-of-the-art facilities and is a testament to PCSST's commitment to providing an excellent learning environment for its students.

In February 2022, PCSST received its fourth renewal and was granted an expansion to serve an additional 240 students over the next five years. Additionally, PCSST underwent a reaccreditation process with the Middle States Association, and in recognition of its exceptional educational standards, was granted a seven-year accreditation until 2029.

Currently, PCSST operates four campuses, with each campus catering to a specific age group. The K-1 campus is situated at 55 Main Street in downtown Paterson and can accommodate 288 students, while the 2-3 Campus is located at 53 East 34th Street and also accommodates 288 students. The 4-7 Campus is located at 276 Wabash Avenue and can accommodate 576 students, and the 8-12 campus building is situated at 196 West Railway Avenue and can accommodate 480 students. This distribution of campuses ensures that students receive the appropriate educational experience based on their age and learning needs.

Athletics program

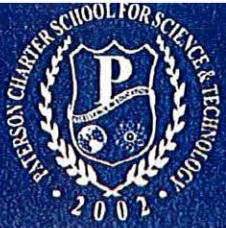
The PCSST established its athletic program back in 2012. Since then, students have had the opportunity to participate in several varsity leagues, including Soccer, Volleyball, Cross Country, Basketball, Bowling, Baseball, and Softball. PCSST's student-athletes have demonstrated great sportsmanship during games, earning the NJSIAA Sportsmanship Award in 2017.

The Boys' Varsity Basketball Team has particularly stood out, winning the NJIC Meadowlands Division Champion title five times, with the first one in 2017. Despite the challenges of a delayed and shortened season due to the pandemic, the team completed the 2020-21 season undefeated and added another trophy to its collection as the division champion. In that same season, the team won the NJ state's North 1 Group 1 sectional championship.

In the 2021-2022 season, PCSST Boys' Varsity team went on to capture all titles, including the Passaic County, Group I North I division, and State Championship. Furthermore, they became the first charter school in the State of New Jersey to receive all of these titles and even participated in the Tournament of Champions (TOC). The team's continued success is a testament to PCSST's commitment to providing a well-rounded education, including opportunities for athletic excellence.

JROTC Program

The PCSST established its JROTC program in 2010, which has played a significant role in the school's success ever since. The Lion Battalion proudly participates in the Columbus Day Parade in Manhattan each year. In 2017, the PCSST JROTC Female Raiders team won the 2nd Brigade Championship, while in 2018, the PCSST JROTC Advanced team won the 2nd Brigade Academic Bowl. In 2019, the PCSST JROTC Battalion Commander from the Class of 2019 was accepted and enrolled in West Point Military Academy, marking the school's first-ever acceptance to this prestigious institution. Furthermore, the PCSST JROTC program received its



third consecutive Honor of Distinction award during the 2021-22 academic year, affirming the quality of the program.

Enrollment WaitList

Since its establishment, PCSST has garnered strong and enthusiastic support from parents, students, and the Paterson community at large. The demand for enrollment has been nothing short of extraordinary, resulting in PCSST having to waitlist over 1200 students every academic year.

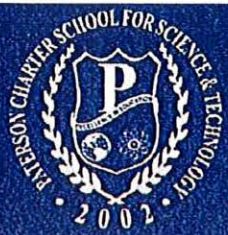
1. **REPORTING ENTITY AND ITS SERVICES:** Paterson Charter School for Science and Technology is an independent reporting entity within the criteria adopted by the Government Auditing Standards Board (GASB) as established by Statement No. 14, as amended. All funds of the Charter School are included in this report. Paterson Charter School for Science and Technology Board of Trustees constitutes the Charter School's reporting entity. Paterson Charter School for Science and Technology provides a full range of educational services appropriate to Grades K – 12. These services include regular, as well as special education and basic skills instruction. The Charter School completed the 2021-2022 school year with an enrollment of 1,487 students. The following details the changes in the student enrollment of the Charter School over the last five years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2021-2022	1492.40	-2.76%
2020-2021	1533.60	3.04%
2019-2020	1487.00	3.56%
2018-2019	1434.00	3.33%
2017-2018	1386.20	22.95%

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

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



group per The NJ School Performance Report. The school ranked for High School as Tier I School per The Charter School Performance Report.

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

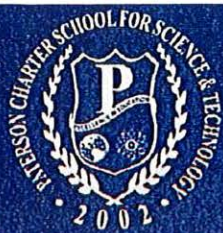
Research indicates students perform better when they have a healthy breakfast. The school day begins with a morning breakfast program to start the students' day on a healthy note. In our K-1 Campus with the school wide breakfast in the classroom program 80% of students participated in the breakfast and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

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

Special Education Services at PCSST

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

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



During remote learning, all students with IEPs were provided the required accommodations and modifications to the greatest extent possible.

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

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

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

Services for English Language Learners (ELLs)

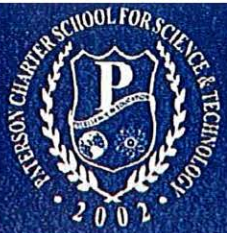
PCSST has a High Intensity ESL Program. All students in K-12 who are identified as English Language Learners (ELLs) based on an NJDOE-approved English Language Proficiency Test and other multiple criteria , receive a minimum of 2 periods of daily ESL Instruction. ELLs participate in an ESL pull-out program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

Education Program

Academic Performance

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

The school embeds character education in the curriculum and has an Advisory program to build relationships between students and staff while promoting college and career readiness. The Army JROTC program builds student discipline, integrity and service. PCSST also offers a full



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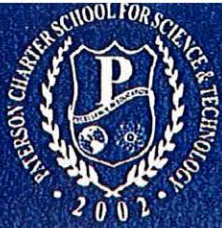
extracurricular program including 9 interscholastic sports and a variety of clubs and competition teams.

PCSST offers support to students at all grade levels. The Elementary campus has a Reading Specialist to assist primary grade students through a Reading Recovery program. She also provides ongoing literacy PDs to teachers at all grade levels to ensure proper implementation of all components of the balanced literacy approach. At the elementary level, there is an extended day period for Re-teaching and tutoring of failing and other At-Risk students. Both the elementary and high school utilize Title I funds to support a Basic Skills program that allows for both in-class and pull-out instruction to support struggling and at-risk students in any grade level. High school students have an Intervention period built into the schedule four days a week to promote the philosophy that, "Failure is Not an Option." Any student failing a subject or assessment or is not yet meeting a required standard for their grade level is required to work with their teacher to improve their grade and help them master the skills necessary for success. In order to address the virtual academic needs of our students and their families' work schedules, PCSST has expanded its tutoring (throughout all grade levels K-12) to after school, evening, and Saturday hours. This allows more flexibility for students to meet virtually with teachers for one to one and small group tutoring within hours that are more convenient for parent support.

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

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

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



providing internet access for research, reading, independent and guided practice, writing, and assessment. In K-1, these iPads have been assigned, as needed, to students for virtual instruction.

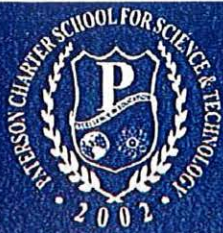
Moreover, online educational subscriptions are integrated throughout the curriculum across all grades and subjects. Some of these programs include but are not limited to Pearson Realize Math, NEWSELA, NGSS-STEM scopes, IXL, Learning A-Z, Benchmark Education, Brainpop, Reading Eggs-Edmentum. All students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

Data collection and analysis is a central element of the school culture. Use of electronic assessments allows teachers to access data in a manner timely to affect instruction. Data from standardized tests, benchmarks and teacher created assessments are used to identify at-risk students and engage them in remedial programs. English and Math teachers utilize Linkit to track student data on standardized tests and benchmark assessments. The College Coaching Program, CCP uses data from IXL.com (a subscription-based learning site) to advance enrichment for students. IXL is also being used across 2-12 grade levels as a diagnostic tool to identify student levels in core subject areas. PLC groups, organized by grade level and departments have access to assessment and other student data, such as attendance & discipline data, to personalize intervention plans as part of the PCSST Response to Intervention program, RTI.

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

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

PCSST uses a variety of assessment data to identify gaps in attainment of the standards. PARCC assessment data will show how well our students are meeting the knowledge and skills expected of them at their grade level and it will also provide information to teachers regarding where students need help and where they are excelling so that teachers can differentiate instruction to meet their needs. Linkit assessments and teacher created assessments have also been used as routine benchmark tests to track the progress of students toward



achievement of the standards. This data is used to adjust the curriculum and instructional program to address gaps. The district has fully shifted to a Standards Based Grading system which clearly identifies the standards assessed in each grade level and tracks the implementation of standards in all content areas.

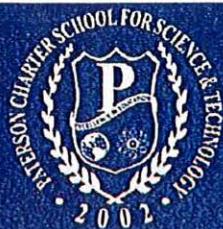
When looking at our district wide assessment data, we do see growth in numerous grade level cohorts from year to year. For the 2018-19 school year we saw growth in ELA cohorts in grades 4, 5, 7, & 10. We saw growth in Math cohorts in grades, 5, 6, & 8. We saw grade level achievement growth in ELA in grades 3, 4, 5, 6, 8, & 10. In math we saw grade level achievement growth in grade 3, 4, 5, 7, 8 & Algebra I. We have seen growth in across the district as a result of many factors. The switch to standards based grading in grades K-6 helped better prepare our students for rigorous state assessments. In addition, the implementation of a school wide math program allowed for friendly competition amongst the students to practice their math skills. The district wide implementation of Linkit allowed for students to participate in PARCC practice assessments that modeled the real test. This also helped teachers with data analysis and data driven instruction. The use of Math and ELA coaches across the district also helped teachers adjust their instruction to better prepare students for standardized tests. Summer, after school, and Saturday programs were utilized to help students meet the standards and ensure they are working at grade level.

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

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

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

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



exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

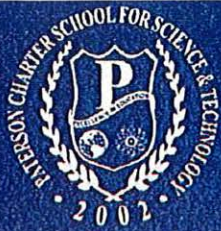
5. BUDGETARY CONTROLS: In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general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

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

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

7. OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company LLC, CPA's, was appointed by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. The auditor's report on the basic financial statements and specific required supplemental information is



included in the financial section of the report. The auditor's reports, related specifically to the single audit, are included in the single audit section of this report.


8. **ANTI-BULLYING:** On January 5, 2011, Governor Chris Christie signed into law P.L. 2010, Chapter 122, known as the Anti-Bullying Bill of Rights. The Anti-Bullying Bill of Rights Act ("Act") requires initial and on-going training for all staff members. Anti-Bullying Specialists, Anti-Bullying Coordinators, administrative staff and Board members. N.J.S.A. 18A:37-22(d) requires every teacher to complete at least two hours of instruction on harassment, intimidation and bullying prevention in each professional development period. PCSST has hired a district level HIB coordinator on September 1, 2011. Building level HIB specialists are also assigned per building received adequate training. In 2021-2022, training was provided for harassment, intimidation and bullying prevention to comply with the training requirements of the Act.

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

Respectfully submitted,



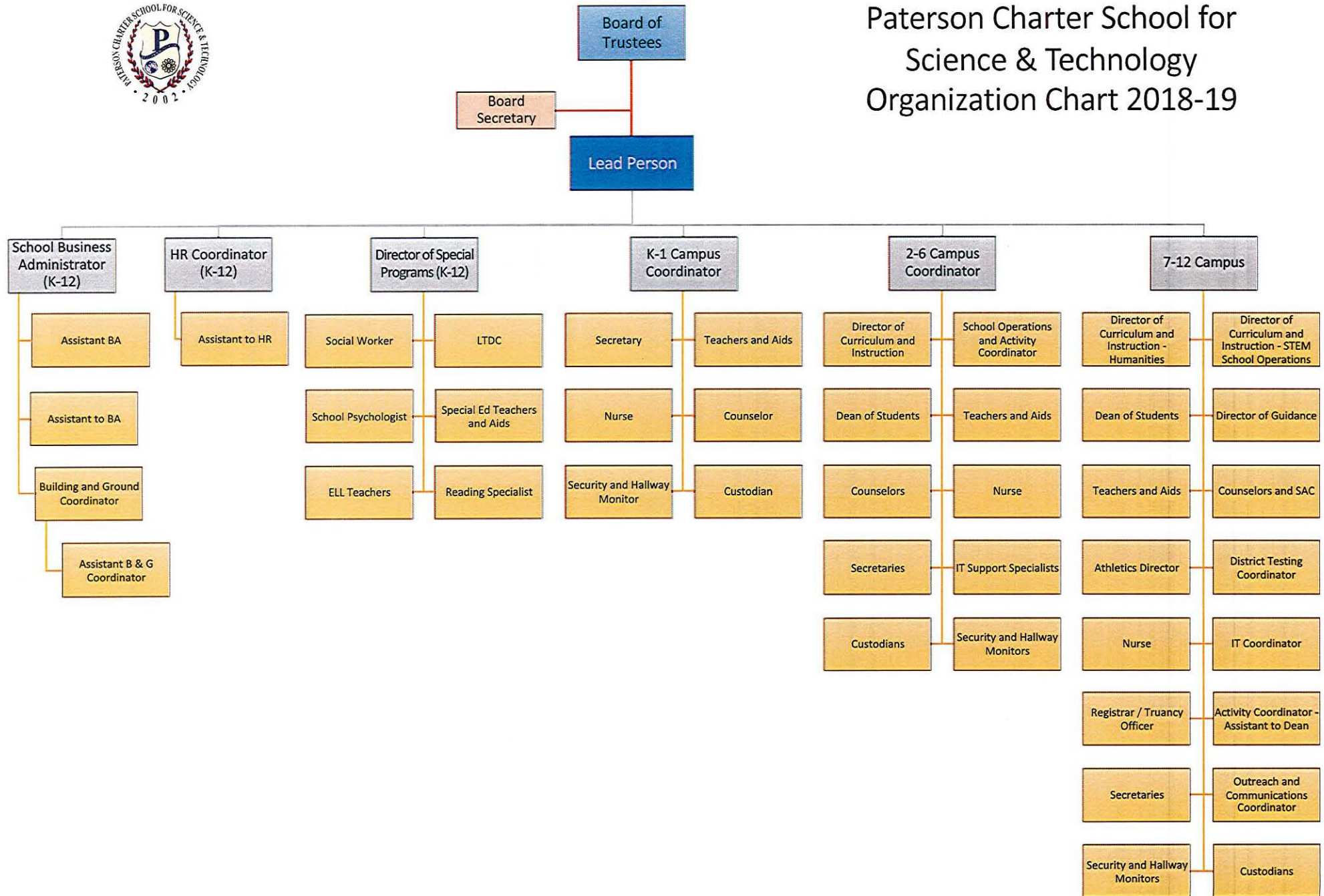
A. Riza Gurcanli
Lead Person



Matt A. Anar
Business Administrator/Board Secretary



Paterson Charter School for Science & Technology Organization Chart 2018-19



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

**ROSTER OF OFFICIALS
JUNE 30, 2022**

Members of the Board of Trustees

Position

Ayhan Koroglu

President

Legna Garcia Rodriguez

Vice President

Asli Kalkan

Member

Other Officials

A. Riza Gurcanli

Lead Person

Matt A. Anar

Business Administrator/
Board Secretary

Mursel Gunes

2-6 School Coordinator

Krishana Scott

K-1 School Coordinator

Christopher M. Lessard

Treasurer

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

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

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

Official Depository

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

FINANCIAL SECTION

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206
Union, New Jersey 07083
908-686-3484
FAX – 908-686-6055
www.cpa-bc.com ♦ info@cpa-bc.com

Independent Auditor's Report

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Paterson Charter School for Science and Technology (Charter School), in the County of Passaic, State of New Jersey, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Paterson Charter School for Science and Technology, in the County of Passaic, State of New Jersey, as of June 30, 2022, and the respective changes in the financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Adoption of New Accounting Principle

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

Consistency of Financial Statements

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

Prior Period Restatement

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Paterson Charter School for Science and Technology'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 Paterson Charter School for Science and Technology's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

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

Other Information


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

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

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

In accordance with *Government Auditing Standards* and the Office of School Finance, Department of Education, State of New Jersey, we have also issued our report dated March 15, 2023 on our consideration of the Paterson Charter School for Science and Technology's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the Office of School Finance, Department of Education, State of New Jersey and the Office of School Finance, Department of Education, State of New Jersey in considering the Charter School's internal control over financial reporting and compliance.


BARRE & COMPANY LLO
Certified Public Accountants
Public School Accountant


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

Union, New Jersey
March 15, 2023

REQUIRED SUPPLEMENTARY INFORMATION – PART I

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

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

As management of the Paterson Charter School for Science and Technology ("Charter School"), we offer readers of the Charter School's financial statements this narrative discussion, overview, and analysis of the financial activities of the Charter School for the year ended June 30, 2022. We encourage readers to consider the information presented, in conjunction with additional information that we have furnished in our letter of transmittal.

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

Financial Highlights

Key financial highlights for 2022 are as follows:

- ❖ Total net position of the governmental activities and business-type activities is \$11,204,913 at June 30, 2022. It is comprised of both current and capital assets and deferred outflows of resources less deferred inflows of resources and current and outstanding long-term liabilities.
- ❖ General revenues accounted for \$36,120,695 of total revenues or 94% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$2,355,785 or 6% percent of total revenues of \$38,476,480.
- ❖ The Charter School had \$30,661,210 in expenses; only \$2,355,785 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$36,120,695 were adequate to provide for these programs.
- ❖ Among major funds, the General Fund had \$28,908,506 in revenues and \$38,595,753 in expenditures. The General Fund's fund balance increased \$3,463,171 over 2021. This increase was anticipated by the Board of Trustees.

Using this Annual Comprehensive Financial Report (ACFR)

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

Overview of the Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

The government-wide financial statements can be found starting on page 34 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

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

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

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

Governmental Funds (Continued)

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

The basic governmental fund financial statements can be found starting on page 38 of this report.

Proprietary Funds

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

The proprietary fund financial statements can be found starting on page 42 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Charter School's own programs. Because of the implementation of GASB 84, all of the Charter School's fiduciary funds were determined to be more appropriately reported in the governmental funds. We now include these activities as part of the district-wide financial statements.

Notes to the Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found starting on page 46 of this report.

Other Information

The required supplementary information and combining statements referred to earlier in connection with governmental funds and proprietary funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found starting on page 94 of this report.

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

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

Other Information (Continued)

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

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

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

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

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

The Charter School as a Whole

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

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

The following table provides a summary of net position relating to the Charter School's governmental and business-type activities as of June 30, 2022 and 2021:

**Table 1
Net Position**

	2022	2021
Assets		
Current and Other Assets	\$ 10,588,968	\$ 7,989,967
Capital Assets	<u>17,441,422</u>	<u>2,770,817</u>
Total Assets	<u>28,030,390</u>	<u>10,760,784</u>
Deferred Outflows of Resources		
Related to Pensions	<u>1,742,163</u>	<u>1,855,188</u>
Liabilities		
Account and Other Payables	1,059,258	644,314
Other Current Liabilities	2,728	2,728
Long-Term Liabilities	<u>15,004,720</u>	<u>4,653,081</u>
Total Liabilities	<u>16,066,706</u>	<u>5,300,123</u>
Deferred Inflows of Resources		
Related to Pensions	<u>2,500,934</u>	<u>2,456,714</u>
Net Position		
Net Investment in Capital Assets	6,143,460	2,770,817
Restricted	62,655	80,766
Unrestricted	<u>4,998,798</u>	<u>2,007,552</u>
Total Net Position	<u>\$ 11,204,913</u>	<u>\$ 4,859,135</u>

The largest portion of the Charter School's net position is its net investment in capital assets, e.g. buildings and improvements and furniture and equipment, less any related debt used to acquire those assets that are still outstanding, which amounts to \$6,143,460. The Charter School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the Charter School's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
PATERSON, NEW JERSEY

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

The Charter School as a Whole (Continued)

debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The net pension liability recorded as of June 30, 2022 is the result of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date — an amendment of GASB Statement No. 68*. The increase of \$946,324 from the prior year relates to changes in the actuarial assumptions from the prior year and the pension funding status of the State of New Jersey.

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

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

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

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

Charter School Activities

The key elements of the Charter School's changes in net position for the years ended June 30, 2022 and 2021 are as follows:

**Table 2
Changes in Net Position**

	2022	2021
Revenues		
Program Revenues:		
Charges for Services	\$ 73,669	\$ 23,510
Operating Grants and Contributions	2,282,116	1,519,847
General Revenues:		
General Purposes	2,989,371	2,678,949
Grants and Entitlements	32,940,077	27,302,478
Other	191,247	161,511
Total Revenues	38,476,480	31,686,295
Program Expenses		
Instruction	15,954,046	14,299,714
Administration	4,645,274	7,548,927
Support Services	5,932,162	7,489,550
Capital Outlay	-	2,730,009
Interest on Long-Term Debt	785,944	-
Unallocated Depreciation	78,089	69,288
Unallocated Amortization	1,946,822	-
Food Service	1,318,873	566,419
Total Program Expenses	30,661,210	32,703,907
Changes in Net Position	\$ 7,815,270	\$ (1,017,612)

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

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

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

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

Governmental Activities

The Charter School's total revenues were \$36,885,088 for the year ended June 30, 2022 and \$31,044,371 for 2021. Federal, state, and local grants and state aid accounted for 92% for 2022 and 91% for 2021 of revenues which includes \$4,320,673 for 2022 and \$3,292,551 for 2021 of state reimbursed TPAF social security contributions and on-behalf TPAF pension, post-retirement medical, and long-term disability insurance contributions.

The total cost of all program and services was \$28,512,837 for 2022 and \$31,235,947 for 2021. Instruction comprises 56% for 2022 and 46% for 2021 of Charter School expenses.

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

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

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

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

Business-Type Activities

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

- ❖ Food service revenues exceeded expenses by \$272,519 for 2022 and \$75,505 for 2021.
- ❖ Charges for services represent \$1,086 for 2022 and none for 2021. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced breakfast and lunches were \$1,452,616 for 2022 and \$641,816 for 2021.

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$33,521,305 for 2022 and \$28,668,126 for 2021 and expenditures were \$43,226,663 for 2022 and \$28,911,910 for 2021. The net change in fund balance was most significant in the general fund, an increase of \$3,463,171 in 2022 and a decrease of \$207,090 in 2021.

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

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

The Charter School's Funds (Continued)

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2022.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2021	Percent of Increase/ (Decrease)
Local Sources	\$ 3,115,511	9.29%	\$ 251,649	8.79%
State Sources	25,933,332	77.37%	2,636,941	11.32%
Federal Sources	4,472,462	13.34%	1,964,589	78.34%
Total	\$ 33,521,305	100.00%	\$ 4,853,179	

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

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2022.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2021	Percent of Increase/ (Decrease)
Instruction	\$ 10,453,446	24.1800%	\$ 949,791	9.99%
Administration	12,075,787	27.94%	2,082,048	20.83%
Support Services	4,834,066	11.18%	(1,684,408)	-25.84%
Capital Outlay	15,863,364	36.70%	12,967,322	447.76%
Total	\$ 43,226,663	100.00%	\$ 14,314,753	

Changes in expenditures were the result of varying factors.

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

General Fund Budgeting Highlights

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

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

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

General Fund Budgeting Highlights (Continued)

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

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

Capital Assets (Net of Depreciation)

The Charter School had \$17,301,833 at June 30, 2022 and \$2,657,399 at June 30, 2021 invested in building improvements, furniture, machinery and equipment for governmental activities. The table shows the balances of capital assets (net of depreciation) for fiscal years 2022 and 2021.

	2022				2021
	Beginning Balance	Additions	Retirements	Ending Balance	
Governmental Activities:					
<i>Capital Assets Being Depreciated:</i>					
Building Improvements	\$ 2,353,837	\$ 5,041,246	\$ -	\$ 7,395,083	\$ 2,353,837
Vehicle, Furniture, Machinery and Equipment	2,434,474	139,675	-	2,574,149	2,434,474
Right-Of-Use Leased Asset	-	19,468,211	-	19,468,211	-
Totals Capital Assets Being Depreciated	<u>4,788,311</u>	<u>24,649,132</u>	<u>-</u>	<u>29,437,443</u>	<u>4,788,311</u>
<i>Less Accumulated Depreciation:</i>					
Building Improvements	322,064	78,089	-	400,153	322,064
Vehicle, Furniture, Machinery and Equipment	1,808,848	192,502	-	2,001,350	1,808,848
Right-Of-Use Leased Asset	-	9,734,107	-	9,734,107	-
Total Accumulated Depreciation	<u>2,130,912</u>	<u>10,004,698</u>	<u>-</u>	<u>12,135,610</u>	<u>2,130,912</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>2,657,399</u>	<u>14,644,434</u>	<u>-</u>	<u>17,301,833</u>	<u>2,657,399</u>
Government Activity Capital Assets, Net	<u>\$ 2,657,399</u>	<u>\$ 14,644,434</u>	<u>\$ -</u>	<u>\$ 17,301,833</u>	<u>\$ 2,657,399</u>
Business-Type Activities:					
<i>Capital Assets Being Depreciated:</i>					
Machinery and Equipment	\$ 332,167	\$ 52,063	\$ -	\$ 384,230	\$ 332,167
Less Accumulated Depreciation	218,749	25,892	-	244,641	218,749
Enterprise Fund Capital Assets, Net	<u>\$ 113,418</u>	<u>\$ 26,171</u>	<u>\$ -</u>	<u>\$ 139,589</u>	<u>\$ 113,418</u>

Debt Administration

The Charter School's net pension liability as of June 30, 2022 and 2021 was \$3,706,757 and \$4,653,081, respectively. Also, it has a lease liability of \$11,297,963 as of June 30, 2022.

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

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

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

Factors Bearing on the Charter School's Future

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

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

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Matt A. Anar, Business Administrator/Board Secretary at Paterson Charter School for Science and Technology, 196 W. Railway Avenue, Paterson, New Jersey 07503.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the Charter School's operation. These financial statements present the financial position and operating results of all funds as of June 30, 2022.

SECTION A – GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents:			
Unrestricted	\$ 9,812,083	\$ 438,683	\$ 10,250,766
Restricted	3		3
Internal Balances	(1,339)	1,339	-
Receivables	218,826	88,742	307,568
Inventories		30,631	30,631
Capital and Right-Of-Use Leased Assets, Net	17,301,833	139,589	17,441,422
Total Assets	27,331,406	698,984	28,030,390
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions	1,742,163		1,742,163
Deferred Outflows of Resources	1,742,163	-	1,742,163
LIABILITIES:			
Payable to District	17,231		17,231
Accounts Payable	1,042,027		1,042,027
Unearned Revenue		2,728	2,728
Noncurrent Liabilities:			
Due Within One Year	1,553,404		1,553,404
Due Beyond One Year:			
Other Long-Term Liabilities	9,744,559		9,744,559
Net Pension Liability	3,706,757		3,706,757
Total Liabilities	16,063,978	2,728	16,066,706
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions	2,500,934		2,500,934
Deferred Inflows of Resources	2,500,934	-	2,500,934
NET POSITION:			
Net Investment in Capital Assets	6,003,870	139,590	6,143,460
Restricted for:			
Student Activities	62,655		62,655
Unassigned	4,442,132	556,666	4,998,798
Total Net Position	\$ 10,508,657	\$ 696,256	\$ 11,204,913

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Statement of Activities
For The Fiscal Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes In Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
GOVERNMENTAL ACTIVITIES:							
Instruction	\$ 15,954,046	\$ -	\$ 829,500	\$ -	\$ (15,124,546)	\$ -	\$ (15,124,546)
Administration	4,645,274				(4,645,274)		(4,645,274)
Support Services	5,932,162	72,583 *			(5,859,579)		(5,859,579)
Interest on Long-Term Debt	785,944				(785,944)		(785,944)
Unallocated Depreciation	78,089				(78,089)		(78,089)
Unallocated Amortization	1,946,822				(1,946,822)		(1,946,822)
Total Governmental Activities	29,342,337	72,583	829,500	-	(28,440,254)	-	(28,440,254)
BUSINESS-TYPE ACTIVITIES:							
Food Service	1,318,873	1,086	1,452,616			134,829	134,829
Total Business-Type Activities	1,318,873	1,086	1,452,616	-	-	134,829	134,829
Total Primary Government	\$ 30,661,210	\$ 73,669	\$ 2,282,116	\$ -	\$ (28,440,254)	\$ 134,829	\$ (28,305,425)
GENERAL REVENUES							
General Purposes					\$ 2,989,371	\$ -	\$ 2,989,371
Federal and State Aid Not Restricted					32,940,077		32,940,077
Investment Earnings					5,999	729	6,728
Miscellaneous Income					47,558	136,961	184,519
Total General Revenues					35,983,005	137,690	36,120,695
Change in Net Position					7,542,751	272,519	7,815,270
Net Position - July 1					4,435,398	423,737	4,859,135
Prior Period Adjustments					(1,469,492)	-	(1,469,492)
Net Position - July 1 (Restated)					2,965,906	423,737	3,389,643
Net Position - June 30					\$ 10,508,657	\$ 696,256	\$ 11,204,913

* student activity revenue is reported as "charges for services"

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

SECTION B – FUND FINANCIAL STATEMENTS

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

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

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

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

GOVERNMENTAL FUNDS

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
 Governmental Funds
 Balance Sheet
 June 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents:			
Unrestricted	\$ 9,229,003 *	\$ 583,080 *	\$ 9,812,083
Restricted	3		3
Receivables:			
Interfund Receivable:			
General Fund		37,946	37,946
Receivables From Other Governments	31,791	111,985	143,776
Other Receivables	<u>75,050</u>		<u>75,050</u>
Total Assets	<u>\$ 9,335,847</u>	<u>\$ 733,011</u>	<u>\$ 10,068,858</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Interfund Payables:			
Special Revenue Fund	\$ 37,946	\$ -	\$ 37,946
Food Service Fund	1,339		1,339
Payable to District	17,231		17,231
Accounts Payable	<u>2,306</u>	<u>670,356</u>	<u>672,682</u>
Total Liabilities	<u>58,822</u>	<u>670,356</u>	<u>729,178</u>
Fund Balances:			
Restricted For:			
Encumbrances	24,324		24,324
Student Activities		62,655	62,655
Unassigned:			
General Fund	<u>9,252,701</u>		<u>9,252,701</u>
Total Fund Balances	<u>9,277,025</u>	<u>62,655</u>	<u>9,339,680</u>
Total Liabilities and Fund Balances	<u>\$ 9,335,847</u>	<u>\$ 733,011</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$29,437,443 and the accumulated depreciation is \$12,135,610.	17,301,833
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(11,297,963)
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.	(3,706,757)
Accrued pension contributions for the June 30, 2022 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(369,365)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows related to pensions	1,742,163
Deferred inflows related to pensions	<u>(2,500,934)</u>
Net Position of Governmental Activities	<u>\$ 10,508,657</u>

* Include former fiduciary fund cash and cash equivalents

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 2,989,371	\$ -	\$ 2,989,371
Interest on Investments	5,999		5,999
Miscellaneous	47,558	72,583 *	120,141
Total Local Sources	3,042,928	72,583	3,115,511
State Sources	25,805,291	128,041	25,933,332
Federal Sources	60,287	4,412,175	4,472,462
Total Revenues	28,908,506	4,612,799	33,521,305
EXPENDITURES:			
Current:			
Instruction	8,145,919	2,307,527	10,453,446
Administration	12,075,787		12,075,787
Support Services	2,771,670	2,062,396 **	4,834,066
Capital Outlay	15,602,377	260,987	15,863,364
Total Expenditures	38,595,753	4,630,910	43,226,663
Excess (Deficiency) of Revenues over Expenditures	(9,687,247)	(18,111)	(9,705,358)
OTHER FINANCING SOURCES (USES):			
Lease Purchases	13,150,418		13,150,418
Total Other Financing Sources and Uses	13,150,418	-	13,150,418
NET CHANGE IN FUND BALANCES	3,463,171	(18,111)	3,445,060
FUND BALANCES, JULY 1	7,283,346	80,766	7,364,112
PRIOR PERIOD ADJUSTMENTS	(1,469,492)	-	(1,469,492)
FUND BALANCES, JULY 1, RESTATED	5,813,854	80,766	5,894,620
FUND BALANCES, JUNE 30	\$ 9,277,025	\$ 62,655	\$ 9,339,680

* Special revenue fund now includes revenues from student activities

** Special revenue fund now includes expenditures from student activities

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
 Reconciliation of the Statement of Revenues, Expenditures
 And Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Fiscal Year Ended June 30, 2022

Total net change in fund balances - governmental fund (from B-2)		\$ 3,445,060
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, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.		
Depreciation Expense	\$ (270,591)	
Amortization Expense	(1,946,822)	
Capital Outlay	<u>24,649,132</u>	22,431,719
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in government funds. The increase in capital leases is a reduction to the reconciliation. The decrease in capital leases is an addition to the reconciliation.		
		(19,085,248)
Pension costs associated with the PERS pension plan are reported in the governmental funds as expenditures in the year the school pension contribution is paid. However, on the statement of activities, the net difference between the current and prior year net pension liability is recognized.		
		<u>751,220</u>
Change in net position of governmental activities		<u><u>\$ 7,542,751</u></u>

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

PROPRIETARY FUNDS

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Proprietary Fund
Statement of Net Position
June 30, 2022

	Business-Type Activities
	Enterprise Fund
	Food Service Programs
	School Nutrition
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 438,683
Due From Other Funds	1,339
Intergovernmental Accounts Receivable:	
Federal	86,319
State	1,284
Other Receivables	1,139
Inventories	30,631
Total Current Assets	559,395
Noncurrent Assets:	
Machinery and Equipment	384,230
Less Accumulated Depreciation	(244,641)
Total Noncurrent Assets	139,589
Total Assets	\$ 698,984
LIABILITIES AND NET POSITION:	
Liabilities:	
Unearned Revenue	\$ 2,728
Total Liabilities	2,728
Net Position:	
Net Investment in Capital Assets	139,590
Unassigned	556,666
Total Net Position	696,256
Total Liabilities and Net Position	\$ 698,984

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2022

	Business-Type Activities Enterprise Fund
	Food Service Programs
	School Nutrition
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Program (Reimbursable Program) Meals	\$ 1,086
Daily Sales - Non-Program (Non-Reimbursable Program) Meals	-
Miscellaneous Revenue	136,961
	138,047
Total Operating Revenues	138,047
OPERATING EXPENSES:	
Cost of Sales - Program (Reimbursable Program) Meals	1,133,904
Cost of Sales - Non-Program (Non-Reimbursable Program) Meals	32,174
Salaries	62,539
Purchased Prof/Tech Services	9,802
Supplies and Materials	54,562
Depreciation Expense	25,892
	1,318,873
Total Operating Expenses	1,318,873
OPERATING LOSS	(1,180,826)
NONOPERATING REVENUES:	
State Source:	
State School Lunch Program	22,907
Federal Source:	
National School Breakfast/Lunch/Snack Programs	1,346,762
Fresh Fruit and Vegetable Program	17,201
Food Distribution Program	65,746
Interest Earned	729
	1,453,345
Total Nonoperating Revenues	1,453,345
CHANGE IN NET POSITION	272,519
TOTAL NET POSITION, JULY 1	423,737
TOTAL NET POSITION, JUNE 30	\$ 696,256

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2022

	Business-Type Activities Enterprise Fund
	Food Service Programs School Nutrition
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 127,004
Cash Payments to Suppliers and Employees	(1,304,745)
Net Cash Used In Operating Activities	(1,177,741)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash Received From State And Federal Reimbursements	1,452,616
Net Cash Provided By Noncapital Financing Activities	1,452,616
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on Deposits and Investments	729
Net Cash Provided By Investing Activities	729
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition Of Capital Assets	(52,063)
Net Cash Used In Capital And Related Financing Activities	(52,063)
Net Increase In Cash And Cash Equivalents	223,541
Cash And Cash Equivalents, Beginning Of Year	215,142
Cash And Cash Equivalents, End Of Year	\$ 438,683
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:	
Operating Loss Used In Operating Activities	\$ (1,180,826)
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities:	
Depreciation	25,892
Change In Assets And Liabilities:	
Increase In Due From Other Funds	(1,339)
Increase In Receivables From Other Governments	(9,726)
Decrease In Other Receivables	22
Increase In Inventories	(11,764)
Net Cash Used For Operating Activities	\$ (1,177,741)

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Reporting Entity

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

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

C. Basic Financial Statements – Government-Wide Statements

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Notes to the Basic Financial Statements
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Government-Wide Statements (Continued)

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

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

D. Basic Financial Statements – Fund Financial Statements

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

The following fund types are used by the Charter School:

Governmental Fund Types

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

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

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Notes to the Basic Financial Statements
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

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

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

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2022, the Charter School do not have Capital Projects Fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs. As of June 30, 2022, the Charter School do not have Debt Service Fund.

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

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

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

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

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

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

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

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

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

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2022

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

Basic Financial Statements – Fund Financial Statements (Continued)

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

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

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

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

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

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

E. Measurement Focus and Basis of Accounting

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Notes to the Basic Financial Statements
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

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

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

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

F. Budgets/Budgetary Control

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

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

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

Total Revenues & Expenditures	
(Budgetary Basis)	\$ 4,983,132
Adjustments:	
Less Encumbrances at June 30, 2022	(370,333)
Plus Encumbrances at June 30, 2021	-
Total Revenues and Expenditures	
(GAAP Basis)	\$ 4,612,799

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Notes to the Basic Financial Statements
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

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

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

1. Deposits and Investments

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

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

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

2. Short-term Interfund Receivables/Payables

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

3. Inventories

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

4. Capital Assets

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Notes to the Basic Financial Statements
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets (Continued)

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

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

Land and Construction in Progress are not depreciated.

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

2. Fund Equity

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

3. Use of Estimates

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

4. Net Position/Fund Balance

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Notes to the Basic Financial Statements
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

H. Fund Balance Reserves

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

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

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

I. Impact of Recently Issued Accounting Principles

During fiscal year 2022, the Charter School has adopted the following GASB statements.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2022

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

Impact of Recently Issued Accounting Principles (Continued)

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

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

The lease liability is measured at the present value of lease payments to be made over the lease term, discounted using the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily available. Lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the School and payment of penalties for termination of a lease when the lease term reflects the lessee exercising a termination option. Each lease payment is allocated between the repayment of the principal portion of lease liability and the interest portion. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period and is recorded in financing expense. Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of income.

GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.

GASB No. 92, *Omnibus 2020*. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Notes to the Basic Financial Statements
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles (Continued)

GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - An Amendment of GASE Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments.

Recently Issued Accounting Pronouncements

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

GASB No. 96, *Subscription Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBIT A and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

GASB Statement No. 99, *Omnibus 2022*, the section applicable to the School will be effective beginning with the fiscal year ending June 30, 2023. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Notes to the Basic Financial Statements
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles (Continued)

Recently Issued Accounting Pronouncements (Continued)

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASE Statement No. 62*, will be effective beginning with the fiscal year ending June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 101, *Compensated Absences*, will be effective beginning with the fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

J. Pensions

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

A. Deposits and Investments

Deposits

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2022

NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES

Pensions (Continued)

Deposits and Investments (Continued)

Deposits (Continued)

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

As of June 30, 2022, cash and cash equivalents of the Charter School consisted of the following:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Proprietary Fund</u>	<u>Total</u>
Operating Account	<u>\$ 9,229,006</u>	<u>\$ 583,080</u>	<u>\$ 438,683</u>	<u>\$ 10,250,769</u>

The Charter School had no investments at June 30, 2022.

The carrying amount of the Board's cash and cash equivalents at June 30, 2022 was \$10,250,769 and the bank balance was \$10,978,689. All bank balances were covered by federal depository insurance (FDIC) and/or by a collateral pool maintained by the banks as required by GUDPA.

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

As of June 30, 2022, none of the cash and cash equivalents for Paterson Charter School for Science and Technology were exposed to custodial credit risk.

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Notes to the Basic Financial Statements
June 30, 2022

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

Pensions (Continued)

Deposits and Investments (Continued)

Deposits (Continued)

Investments

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

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

Credit Risk: The Charter School does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosures be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The Charter School did not have any investments at June 30, 2022.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Notes to the Basic Financial Statements
June 30, 2022

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

Pensions (Continued)

Deposits and Investments (Continued)

Investments (Continued)

Interest Rate Risk: The Charter School does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Charter School did not have any investments at June 30, 2022.

Concentration of Credit Risk: The Charter School places no limit on the amount they may invest in any one issuer. The Charter School did not have any investments at June 30, 2022.

A. Receivables

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

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

	Governmental Funds		Total Governmental Activities	Proprietary Fund	Total Business Type Activities	Total
	General Fund	Special Revenue Fund		Food Service Fund		
State Aid	\$ 106,841	\$ -	\$ 106,841	\$ -	\$ -	\$106,841
Federal Aid	-	198,304	198,304	86,319	86,319	284,623
Other	-	-	-	-	-	-
Gross Receivables	106,841	198,304	305,145	86,319	86,319	391,464
Less: Allowance for Uncollectibles	-	-	-	-	-	-
Total Receivables, Net	\$ 106,841	\$ 198,304	\$ 305,145	\$ 86,319	\$ 86,319	\$391,464

B. Interfund Receivables and Payables

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

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

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ -	\$ 39,285
Special Revenue Fund	37,946	
Proprietary Fund	1,339	
Total	\$ 39,285	\$ 39,285

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Notes to the Basic Financial Statements
June 30, 2022

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

Pensions (Continued)

Deposits and Investments (Continued)

C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Building Improvements	\$ 2,353,837	\$ 5,041,246	\$ -	\$ 7,395,083
Vehicle, Furniture, Machinery and Equipment	2,434,474	139,675	-	2,574,149
Right-Of-Use Leased Asset	-	19,468,211	-	19,468,211
Total Capital Assets Being Depreciated	<u>4,788,311</u>	<u>24,649,132</u>	<u>-</u>	<u>29,437,443</u>
<i>Less Accumulated Depreciation For:</i>				
Building Improvements	322,064	78,089	-	400,153
Vehicle, Furniture, Machinery and Equipment	1,808,848	192,502	-	2,001,350
Right-Of-Use Leased Asset	-	9,734,107	-	9,734,107
Total Accumulated Depreciation	<u>2,130,912</u>	<u>10,004,698</u>	<u>-</u>	<u>12,135,610</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>2,657,399</u>	<u>14,644,434</u>	<u>-</u>	<u>17,301,833</u>
Government Activity Capital Assets, Net	<u>\$ 2,657,399</u>	<u>\$ 14,644,434</u>	<u>\$ -</u>	<u>\$ 17,301,833</u>
Business-Type Activities:				
<i>Capital Assets Being Depreciated:</i>				
Machinery and Equipment	\$ 332,167	\$ 52,064	\$ -	\$ 384,231
Less Accumulated Depreciation	(218,749)	(25,892)	-	(244,641)
Enterprise Fund Capital Assets, Net	<u>\$ 113,418</u>	<u>\$ 26,172</u>	<u>\$ -</u>	<u>\$ 139,590</u>

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

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

Depreciation expense was charged to functions as follows:

Depreciation Expense:	
Instructional	\$ 134,887
Administration	24,641
Support	32,974
Unallocated	78,089
Total	<u>\$ 270,591</u>

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2022

NOTE 3: DETAILED DISCLOSURE REGARDING LIABILITIES AND EXPENSES/EXPENDITURES

Operating Leases

2-6 Campus

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

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

Future minimum lease payments are as follows:

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

7-12 Campus

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

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2022

NOTE 3: DETAILED DISCLOSURES REGARDING LIABILITIES AND EXPENSES /EXPENDITURES

Operating Leases (Continued)

Future minimum lease payments are as follows:

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

K-1 Campus

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

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

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

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

Total lease payments for the year ended June 30, 2022 amounted to \$34,103.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2022

NOTE 4: PENSION PLANS

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

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Vesting and Benefit Provisions

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

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2022

NOTE 4: PENSION PLANS

Public Employees' Retirement System (PERS) (Continued)

Vesting and Benefit Provisions (Continued)

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

Contributions

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

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Charter School contributions to PERS amounted to \$369,365 for fiscal year 2022.

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Notes to the Basic Financial Statements
June 30, 2022

NOTE 4: PENSION PLANS

Public Employees' Retirement System (PERS) (Continued)

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

At June 30, 2022, the Charter School reported a liability of \$3,706,757 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2020 which was rolled forward to June 30, 2021. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. For the June 30, 2021 measurement date, the Charter School's proportion was 0.0312898918%, which was an increase of 0.0027563094% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the Charter School recognized pension expense of (\$384,779), in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2021 measurement date.

At June 30, 2022, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 58,460	\$ 26,536
Changes in Assumptions	19,305	1,319,629
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	976,457
Changes in Proportion and Differences between Charter School Contributions and Proportionate Share of Contributions	1,295,033	178,312
Charter School Contributions Subsequent to the Measurement Date	369,365	-
	<u>\$ 1,742,163</u>	<u>\$ 2,500,934</u>

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Notes to the Basic Financial Statements
June 30, 2022

NOTE 4: PENSION PLANS

Public Employees' Retirement System (PERS) (Continued)

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

\$369,365, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2023.

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

Fiscal Year Ending June 30,	Total
2022	\$ (874,633)
2023	(624,486)
2024	(425,793)
2025	(320,070)
2026	125
	\$ (2,244,857)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.13, 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for the 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014 amounts, respectively.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Notes to the Basic Financial Statements
June 30, 2022

NOTE 4: PENSION PLANS

Public Employees' Retirement System (PERS) (Continued)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2016	5.57 years	-
June 30, 2017	5.48 years	-
June 30, 2018	-	5.63 years
June 30, 2019	-	5.21 years
June 30, 2020	5.16 years	-
June 30, 2021	5.13 years	-
Changes in Assumptions		
Year of Pension Plan Deferral:		
June 30, 2016	5.57 years	-
June 30, 2017	-	5.48 years
June 30, 2018	-	5.63 years
June 30, 2019	-	5.21 years
June 30, 2020	-	5.16 years
June 30, 2021	5.13 years	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2017	-	5.00 years
June 30, 2018	-	5.00 years
June 30, 2019	-	5.00 years
June 30, 2020	-	5.00 years
June 30, 2021	-	5.00 years

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Notes to the Basic Financial Statements
June 30, 2022

NOTE 4: PENSION PLANS

Public Employees' Retirement System (PERS) (Continued)

Actuarial Assumptions

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2020. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2021. This actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

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

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021. The actuarial assumptions used in the July 01, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Notes to the Basic Financial Statements
June 30, 2022

NOTE 4: PENSION PLANS

Public Employees' Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.16% as of June 30, 2021, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Notes to the Basic Financial Statements
June 30, 2022

NOTE 4: PENSION PLANS

Public Employees' Retirement System (PERS) (Continued)

Discount Rate (Continued)

bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

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

	Measurement Date June 30, 2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's Proportionate Share of the Net Pension Liability	\$ 5,101,661	\$ 3,746,271	\$ 2,596,030

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS, please refer to the plan's Annual Comprehensive Financial Report (ACFR) which can be found at www.nj.gov/treasury/pensions.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2022

NOTE 4: PENSION PLANS

B. Teacher's Pension Annuity Fund (TPAF)

Pension Description

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

Vesting and Benefit Provisions

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

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

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2022

NOTE 4: PENSION PLANS

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

Contributions

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

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the Charter School. However, the notes to the financial statements of the Charter School must disclose the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$275,296 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$2,005,915.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2022, the Charter School was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2022

NOTE 4: PENSION PLANS

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

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

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

Charter School's Proportionate Share of the Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of the Net Pension Liability Associated with the Charter School	<u>32,907,117</u>
Total	<u>\$ 32,907,117</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2020. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2021. For the June 30, 2021 measurement date, the Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2021, Charter School's proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2021 measurement date, the State's proportionate share of the TPAF net pension liability associated with the Charter School was 0.0684492723%, which was a decrease of 0.0005074235% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the Charter School recognized \$774,319 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2021 measurement date.

The State reported the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2021:

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2022

NOTE 4: PENSION PLANS

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 5,289,559,561	\$ 24,224,281,713
Difference Between Expected and Actual Experience	941,265,828	142,774,569
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	<u>-</u>	<u>2,854,036,178</u>
	<u><u>\$ 6,230,825,389</u></u>	<u><u>\$ 27,221,092,460</u></u>

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	8.50 years
June 30, 2015	8.30 years	-
June 30, 2016	-	8.30 years
June 30, 2017	8.30 years	-
June 30, 2018	8.29 years	-
June 30, 2019	-	8.04 years
June 30, 2020	-	7.99 years
June 30, 2021	7.93 years	-
Changes in Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	8.50 years	-
June 30, 2015	8.30 years	-
June 30, 2016	8.30 years	-
June 30, 2017	-	8.30 years
June 30, 2018	-	8.29 years
June 30, 2019	-	8.04 years
June 30, 2020	7.99 years	-
June 30, 2021	-	7.93 years

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Notes to the Basic Financial Statements

June 30, 2022

NOTE 4: PENSION PLANS

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2017	-	5.00 years
June 30, 2018	-	5.00 years
June 30, 2019	-	5.00 years
June 30, 2020	-	5.00 years
June 30, 2021	-	5.00 years

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

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2022	\$ (2,914,282,899)
2023	(3,500,098,875)
2024	(4,665,036,366)
2025	(4,192,375,542)
2026	(2,350,648,872)
Thereafter	<u>(3,367,824,517)</u>
	<u>\$ (20,990,267,071)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2020. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2021. This actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

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Notes to the Basic Financial Statements

June 30, 2022

NOTE 4: PENSION PLANS

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

Actuarial Assumptions (Continued)

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

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

The actuarial assumptions used in the July 01, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2021 are summarized in the following table:

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June 30, 2022

NOTE 4: PENSION PLANS

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

Long-Term Expected Rate of Return (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.16% as of June 30, 2021, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2022

NOTE 4: PENSION PLANS

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

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

As previously mentioned, TPAF has a special funding situation where the State pays 100% of the Charter School's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2021, the pension plans measurement date, attributable to the Charter School is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the Charter School, using a discount rate of 7.00%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	Measurement Date June 30, 2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of the Net Pension Liability Associated with the Charter School	39,008,154	32,969,270	27,896,988
	<u>\$ 39,008,154</u>	<u>\$ 32,969,270</u>	<u>\$ 27,896,988</u>

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the TPAF and additions to/deductions from TPAF's fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about TPAF, please refer to the plan's Annual Comprehensive Financial Report (ACFR) which can be found at www.nj.gov/treasury/pensions.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2022

NOTE 4: PENSION PLANS

C. Defined Contribution Retirement Program (DCRP)

Plan Description

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

Vesting and Benefit Provisions

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

Contributions

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

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Notes to the Basic Financial Statements

June 30, 2022

NOTE 4: PENSION PLANS

Defined Contribution Retirement Program (DCRP) (Continued)

Contributions (Continued)

For the fiscal year ended June 30, 2022, employee contributions totaled to \$3,313, and the Charter School recognized pension expense, which equaled the required contributions, of \$2,693.

NOTE 5: POST-RETIREMENT MEDICAL BENEFITS

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Annual Comprehensive Financial Report effective for the fiscal year ended June 30, 2021. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

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

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

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Notes to the Basic Financial Statements
June 30, 2022

NOTE 5: POST-RETIREMENT MEDICAL BENEFITS (CONTINUED)

Plan Description and Benefits Provided (Continued)

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2020:

Active Plan Members	213,901
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	150,427
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
	-
Total Plan Members	364,328

Measurement Focus and Basis of Accounting

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

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2022

NOTE 5: POST-RETIREMENT MEDICAL BENEFITS (CONTINUED)

Investment Valuation

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

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2021 is \$60,007,650,970, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuation as of June 30, 2020 which were rolled forward to June 30, 2021.

Actuarial Methods and Assumptions

In the June 30, 2020 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a "pay-as-you-go" basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The State Retired OPEB Plan covers the State, State colleges and universities, the Palisades Interstate Park Commission, and the New Jersey Building Authority (referred to collectively as "the employers") for which the State is legally obligated to pay for benefits. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

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Notes to the Basic Financial Statements

June 30, 2022

NOTE 5: POST-RETIREMENT MEDICAL BENEFITS (CONTINUED)

Post-Retirement Medical Benefits Contributions (Continued)

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), and the Alternate Benefit Program (ABP). In addition, N.J.S.A. 52:14-17.26 provides that for purposes of the State Retired OPEB Plan, an employee of Rutgers, the State University of New Jersey, and New Jersey Institute of Technology shall be deemed to be an employee of the State. Further, P.L.1966, c.302, addresses the other State colleges and universities, whereas while these institutions were provided autonomy from the State, their employees retained any and all rights to health benefits within the State Retired OPEB Plan and are therefore classified as State employees.

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired OPEB Plan) is a multiple-employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan is administered on a "pay-as-you-go" basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: TPAF, PERS, PFRS, or ABP.

Pursuant to P.L.2011, c.78, future retirees eligible for postemployment medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. The State, as a nonemployer contributing entity, reported a Fiscal Year 2021 total OPEB liability of \$67,809,962,608 for this special funding situation.

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Notes to the Basic Financial Statements

June 30, 2022

NOTE 5: POST-RETIREMENT MEDICAL BENEFITS (CONTINUED)

Post-Retirement Medical Benefits Contributions (Continued)

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution, an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund-Local Education Retired for retirees' post-retirement benefits on behalf of the Charter School for the fiscal years ended June 30, 2022, 2021, and 2020 were \$697,345, \$635,417, and \$571,161, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the Charter School was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The Non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 01, 2020 through June 30, 2021. Non-employer allocation percentages have been rounded for presentation purposes.

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

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Notes to the Basic Financial Statements
June 30, 2022

NOTE 5: POST-RETIREMENT MEDICAL BENEFITS (CONTINUED)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Actual and Expected Experience	\$ 9,045,886,863	\$ 18,009,362,976
Net Difference Between Expected and Actual Earnings on OPEB Plan Investments	-	-
Assumptions Changes	<u>10,179,536,966</u>	<u>6,438,261,807</u>
Sub Total	19,225,423,829	24,447,624,783
Contributions Made in Fiscal Year Ending 2018 After June 30, 2017 Measurement Date	TBD	Not Available
Total	<u>\$19,225,423,829</u>	<u>\$ 24,447,624,783</u>

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Notes to the Basic Financial Statements

June 30, 2022

NOTE 5: POST-RETIREMENT MEDICAL BENEFITS (CONTINUED)

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

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

Measurement Period Ending June 30,	Total
2022	\$ (1,182,303,041)
2023	(1,182,303,041)
2024	(1,182,303,041)
2025	(1,182,303,041)
2026	(840,601,200)
Total Thereafter	<u>347,612,410</u>
	<u>\$ (5,222,200,954)</u>

For the fiscal year ended June 30, 2022, the Charter School recognized in the government-wide statement of activities (accrual basis) OPEB expense of \$3,363,783. This amount has been included in the government-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2022, the State's proportionate share of the OPEB liability attributable to the Charter School is \$15,147,160. The non-employer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the Charter School at June 30, 2020 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2021. At June 30, 2021, the state's share of the OPEB liability attributable to the Charter School was 0.0252420479%, which was an increase of 0.0001731032% from its proportionate share measured as of June 30, 2020 of 0.0250689447%.

Actuarial Assumptions

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

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Notes to the Basic Financial Statements

June 30, 2022

NOTE 5: POST-RETIREMENT MEDICAL BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

Inflation Rate	2.50%		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 - 4.45% based on service years	2.00 - 6.00% based on service years	3.25 - 15.25% based on service years
Thereafter	2.75 - 5.65% based on service years	3.00 - 7.00% based on service years	Not Applicable

Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

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

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

100% of active members are considered to participate in the plan upon retirement.

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

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Notes to the Basic Financial Statements
June 30, 2022

NOTE 5: POST-RETIREMENT MEDICAL BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2022	June 30, 2021	2.16%
2021	June 30, 2020	2.21%

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

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the Charter School for the fiscal year ended June 30, 2022 (measurement date June 30, 2021) is as follows:

	<u>Charter School's Total OPEB Liability (State Share 100%)</u>	<u>State of New Jersey's Total OPEB Liability</u>
Balance at June 30, 2020 Measurement Date	\$ 16,999,242	\$ 67,809,962,608
Changes Recognized for the Fiscal Year:		
Service Cost	2,784,173	3,217,184,264
Interest on Total OPEB Liability	392,933	1,556,661,679
Changes of Benefit Terms	(16,122)	(63,870,842)
Differences between Expected and Actual Experiences	(4,728,534)	(11,385,071,658)
Effect of Changes of Assumptions	14,944	59,202,105
Contributions - Employees	10,045	39,796,196
Gross Benefits Paid by the State	(309,521)	(1,226,213,382)
Net Changes	<u>(1,852,082)</u>	<u>(7,802,311,638)</u>
Balance at June 30, 2021 Measurement Date	<u>\$ 15,147,160</u>	<u>\$ 60,007,650,970</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2022

NOTE 5: POST-RETIREMENT MEDICAL BENEFITS (CONTINUED)

Changes in the Total OPEB Liability (Continued)

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the Charter School at June 30, 2021. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the Charter School for the fiscal year ended June 30, 2021 was not provided by the pension system.

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the Charter School calculated using the discount rate of 2.16%, as well as what the State's proportionate share of the OPEB liability attributable to the Charter School that would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current rate:

	<u>At 1% Decrease (1.16%)</u>	<u>At Current Discount Rate (2.16%)</u>	<u>At 1% Increase (3.16%)</u>
Net OPEB Liability (Allocable to the Charter School and the responsibility of the State)	\$ 18,143,920	\$ 15,147,160	\$ 12,787,392

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability (Allocable to the Charter School and the responsibility of the State)	\$ 12,261,675	\$ 15,147,160	\$ 19,022,153

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the Charter School at June 30, 2021. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the Charter School at June 30, 2021 were not provided by the pension system.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2022

NOTE 6: RISK MANAGEMENT

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

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

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

New Jersey Unemployment Compensation Insurance

Prior to 2016-2017 school year, the Charter School had elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the Charter School is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State.

Starting in 2016-2017 school year, the charter school changed the unemployment contribution to the "Contributory Method" where the Charter School will now remit the entire employee deduction to the Commissioner of Labor. As of June 30, 2022, there is no balance in the school's Unemployment Compensation trust account.

NOTE 7: DETAILED DISCLOSURE REGARDING FUND EQUITY

General Fund

Of the \$9,277,025 General Fund balance at June 30, 2022, \$24,324 is reserved for encumbrances and \$9,252,701 is unassigned and undesignated.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2022

NOTE 8: IMPLEMENTATION OF NEW ACCOUNTING STANDARD AND RESTATEMENT OF NET POSITION

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

NOTE 9: SUBSEQUENT EVENTS

Subsequent events were evaluated through March 15, 2023, the date the financial statements were available to be issued.

NOTE 10: IMPACT OF COVID-19

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

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

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULES

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Equalization Aid - Local Share - Charter School Aid	\$ 3,210,504	\$ -	\$ 3,210,504	\$ 2,989,371	\$ (221,133)
Total Local Sources	3,210,504	-	3,210,504	2,989,371	(221,133)
Categorical Aid:					
Equalization Aid - State Share - Charter School Aid	20,873,478		20,873,478	19,856,898	(1,016,580)
Special Education Categorical Aid	922,895		922,895	829,500	(93,395)
Security Aid	824,136		824,136	798,220	(25,916)
Total Categorical Aid	22,620,509	-	22,620,509	21,484,618	(1,135,891)
Federal Sources:					
Medicaid Reimbursement	60,122		60,122	60,287	165
Total Federal Sources	60,122	-	60,122	60,287	165
Other Sources:					
Interest Income	10,000		10,000	5,999	(4,001)
Miscellaneous Revenue	30,000		30,000	47,558	17,558
On-Behalf TPAF Pension Aid (Non-Budgeted)				2,984,693	2,984,693
Reimbursed TPAF Social Security Aid (Non-Budgeted)				635,608	635,608
On-Behalf TPAF Post-Retirement Medical Aid (Non-Budgeted)				697,345	697,345
On-Behalf TPAF Long-Term Disability Insurance Aid (Non-Budgeted)				3,027	3,027
Total Other Sources	40,000	-	40,000	4,374,230	4,334,230
Total Revenues	25,931,135	-	25,931,135	28,908,506	2,977,371
EXPENDITURES:					
Instruction:					
Salaries of Teachers	7,542,228	88,198	7,630,426	6,733,538	896,888
Other Salaries for Instruction	1,107,255	-	1,107,255	824,539	282,716
Purchased Prof/Tech Services	216,965	-	216,965	137,458	79,507
Other Purchased Services	96,024		96,024	60,715	35,309
General Supplies	456,197	1,000	457,197	309,229	147,968
Textbooks	1,159		1,159		1,159
Miscellaneous	74,501	11,377	85,878	80,440	5,438
Total Instruction	9,494,329	100,575	9,594,904	8,145,919	1,448,985
Administration:					
Salaries - General Administration	2,322,119	219,388	2,541,507	2,522,382	19,125
Salaries of Secretarial/Clerical Assistants	360,861		360,861	340,870	19,991
Total Benefits Cost	5,400,704	(231,072)	5,169,632	4,234,256	935,376
Purchases Prof/Tech Services	525,077	338	525,415	297,518	227,897
Other Purchased Services	128,194	1,711	129,905	127,848	2,057
Supplies and Materials	59,266	50,000	109,266	84,162	25,104
Interest on Current Loans	100,792		100,792	100,792	-
Miscellaneous Expenses	65,452		65,452	47,286	18,166
Total Administration	8,962,465	40,365	9,002,830	7,755,114	1,247,716

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued From Prior Page)					
Support Services:					
Salaries	\$ 1,969,375	\$ 53,215	\$ 2,022,590	\$ 1,629,038	\$ 393,552
Purchased Prof/Ed Services	94,380		94,380	22,250	72,130
Purchased Prof/Tech Services	6,000	10,000	16,000	1,485	14,515
Rental of Land and Buildings	2,677,300	3,000	2,680,300	34,103	2,646,197
Other Purchased Services	649,363	(200,334)	449,029	359,562	89,467
Transportation-Other Than To/From School	157,591		157,591	84,160	73,431
Insurance for Property, Liability and Fidelity	220,550		220,550	205,229	15,321
Supplies and Materials	168,345	10,000	178,345	87,937	90,408
Energy Costs (Heat and Electricity)	460,800	3,000	463,800	347,581	116,219
Miscellaneous Expenses	15,000		15,000	325	14,675
Total Support Services	6,418,704	(121,119)	6,297,585	2,771,670	3,525,915
Capital Outlay:					
Instructional Equipment	500,000	(472,308)	27,692		27,692
Non-Instructional Equipment	90,600	(80,926)	9,674	4,688	4,986
Lease Purchase Agreements-Principal				14,319,326	(14,319,326)
Miscellaneous Expenses	396,657	892,561	1,289,218	1,278,363	10,855
Total Capital Outlay	987,257	339,327	1,326,584	15,602,377	(14,275,793)
On-Behalf TPAF Pension Contributions (Non-Budgeted)				2,984,693	(2,984,693)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				635,608	(635,608)
On-Behalf TPAF Post-Retirement Medical Contributions (Non-Budgeted)				697,345	(697,345)
On-Behalf TPAF Long-Term Disability Insurance Contributions (Non-Budgeted)				3,027	(3,027)
Total Expenditures	25,862,755	359,148	26,221,903	38,595,753	(12,373,850)
Excess (Deficiency) of Revenues Over (Under) Expenditures	68,380	(359,148)	(290,768)	(9,687,247)	(9,396,479)
OTHER FINANCING SOURCES (USES):					
Lease Purchase				13,150,418	(13,150,418)
Total Other Financing Sources (Uses)	-	-	-	13,150,418	(13,150,418)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	68,380	(359,148)	(290,768)	3,463,171	3,753,939
FUND BALANCE, JULY 1	7,283,346	-	7,283,346	7,283,346	-
PRIOR PERIOD ADJUSTMENTS	(1,469,492)	-	(1,469,492)	(1,469,492)	-
FUND BALANCE, JULY 1, RESTATED	5,813,854	-	5,813,854	5,813,854	-
FUND BALANCE, JUNE 30	\$ 5,882,234	\$ (359,148)	\$ 5,523,086	\$ 9,277,025	\$ 3,753,939
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures:					
Budgeted Fund Balance	\$ 5,882,234	\$ (359,148)	\$ 5,523,086	\$ 9,277,025	\$ 3,753,939
Total	\$ 5,882,234	\$ (359,148)	\$ 5,523,086	\$ 9,277,025	\$ 3,753,939

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Local	\$ -	\$ -	\$ -	\$ 72,583	\$ 72,583 *
State	128,041		128,041	128,041	-
Federal	12,169,751		12,169,751	4,782,508	(7,387,243)
Total Revenues	12,297,792	-	12,297,792	4,983,132	(7,314,660)
EXPENDITURES:					
Instruction:					
Salaries	2,430,039	(208,794)	2,221,245	751,186	1,470,059
Salaries of Teachers	1,523,965	109,078	1,633,043	709,148	923,895
Other Salaries for Instruction		500,000	500,000		500,000
Purchased Prof/Tech Services	254,604	(7,558)	247,046	209,269	37,777
Other Purchased Services	88,650		88,650	44,018	44,632
General Supplies	742,920	12,663	755,583	574,049	181,534
Other Objects	5,931	13,928	19,857	19,857	-
Total Instruction	5,046,109	419,315	5,465,424	2,307,527	3,157,897
Support Services:					
Salaries	779,491	319,856	1,099,347	761,468	337,879
Personal Services - Employee Benefits	1,717,704	9,343	1,727,047	687,113	1,039,934
Other Purchased Prof/Tech Services	232,166	1,750	233,916	230,717	3,199
Miscellaneous (Other) Purchased Services	202,758	(81,952)	120,806	87,834	32,972
Supplies and Materials	536,505	62,278	598,783	204,570	394,213
Student Activities				90,694	(90,694)
Total Support Services	3,468,624	311,275	3,779,899	2,062,396	1,717,503
Facilities Acquisition and Construction Services:					
Buildings	3,220,559	(748,964)	2,471,595	501,316	1,970,279
Instructional Equipment	562,500	18,374	580,874	130,004	450,870
Total Facilities Acquisition and Construction Services	3,783,059	(730,590)	3,052,469	631,320	2,421,149
Total Expenditures	12,297,792	-	12,297,792	5,001,243	7,296,549
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(18,111)	(18,111)
Fund Balances, Beginning of Year	80,766	-	80,766	80,766	-
Fund Balances, End of Year	\$ 80,766	\$ -	\$ 80,766	\$ 62,655	\$ (18,111)
Recapitulation:					
Restricted:					
Student Activities				\$ 62,655	
Total Fund Balance				\$ 62,655	

* Note - Student Activities Fund are not required to be budgeted.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

Fiscal Year Ended June 30, 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) "revenues" from the budgetary comparison schedules	[C-1] \$ 28,908,506		[C-2] \$ 4,983,132
 Difference - Budget to GAAP			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized			<u>(370,333)</u>
 Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] <u>\$ 28,908,506</u>		[B-2] <u>\$ 4,612,799</u>
 Uses/Outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 38,595,753		[C-2] \$ 5,001,243
 Differences - Budget to GAAP:			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.			<u>(370,333)</u>
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] <u>\$ 38,595,753</u>		[B-2] <u>\$ 4,630,910</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

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

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

	Fiscal Year Ending June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Charter School's proportion of the net pension liability	0.0312898918%	0.0285335824%	0.0259151425%	0.0212312155%	0.0227984186%	0.0267766574%	0.0313323293%	0.0268956671%	0.0251831644%
Charter School's proportionate share of the net pension liability	\$ 3,706,757	\$ 4,653,081	\$ 4,669,516	\$ 4,180,320	\$ 5,307,107	\$ 7,930,478	\$ 7,033,480	\$ 5,035,604	\$ 4,813,003
Charter School's covered employees payroll	\$ 4,853,402	\$ 2,617,205	\$ 2,211,154	\$ 1,867,274	\$ 1,643,410	\$ 1,376,563	\$ 1,517,838	\$ 3,147,799	\$ 2,989,172
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	76.37%	177.79%	211.18%	223.87%	322.93%	576.11%	463.39%	159.97%	161.01%
Plan fiduciary net position as a percentage of the total pension liability	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

	Fiscal Year Ending June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 366,441	\$ 312,143	\$ 252,078	\$ 211,182	\$ 211,203	\$ 237,880	\$ 269,374	\$ 221,724	\$ 189,750
Contributions in relation to the contractually required contribution	<u>(369,365)</u>	<u>(331,506)</u>	<u>(261,199)</u>	<u>(217,290)</u>	<u>(224,757)</u>	<u>(246,640)</u>	<u>(272,129)</u>	<u>(224,462)</u>	<u>(213,965)</u>
Contribution deficiency/(excess)	<u>\$ (2,924)</u>	<u>\$ (19,363)</u>	<u>\$ (9,121)</u>	<u>\$ (6,108)</u>	<u>\$ (13,554)</u>	<u>\$ (8,760)</u>	<u>\$ (2,755)</u>	<u>\$ (2,738)</u>	<u>\$ (24,215)</u>
Charter School's covered employee payroll	\$ 4,853,402	\$ 2,617,205	\$ 2,211,154	\$ 1,867,274	\$ 1,643,410	\$ 1,376,563	\$ 1,517,838	\$ 3,147,799	\$ 2,989,172
Contributions as a percentage of covered employee payroll	7.55%	11.93%	11.40%	11.31%	12.85%	17.28%	17.75%	7.04%	6.35%

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

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

	Fiscal Year Ending June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
State's proportion of the net pension liability attributable of the Charter School	0.0684492723%	0.0689566958%	0.0563014841%	0.0624451352%	0.0636828729%	0.0600850585%	0.0506882071%	0.0505361891%	0.0386159767%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 32,907,117	\$ 45,407,154	\$ 34,552,752	\$ 39,726,254	\$ 42,937,289	\$ 47,266,733	\$ 32,037,111	\$ 27,009,948	\$ 19,516,211
Charter School's covered employees payroll	\$ 9,836,550	\$ 8,570,732	\$ 7,510,049	\$ 7,376,717	\$ 6,533,653	\$ 5,827,904	\$ 5,994,422	\$ 5,943,698	\$ 5,915,567
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	334.54%	529.79%	460.09%	538.54%	657.17%	811.04%	534.45%	454.43%	329.91%
Plan fiduciary net position as a percentage of the total pension liability	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.54%	33.76%

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
 Required Supplementary Information Schedules
 Schedule of the Charter School Contributions
 Teachers Pension and Annuity Fund
 Last Nine Fiscal Years
 Unaudited

	Fiscal Year Ending June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,005,915	\$ 1,562,578	\$ 1,132,021	\$ 943,953	\$ 715,102	\$ 478,517	\$ 272,412	\$ 214,672	\$ 250,102
Contributions in relation to the contractually required contribution	<u>(275,296)</u>	<u>(185,712)</u>	<u>(108,249)</u>	<u>(105,772)</u>	<u>(89,519)</u>	<u>(72,013)</u>	<u>(54,171)</u>	<u>(156,490)</u>	<u>(163,364)</u>
Contribution deficiency/(excess)	<u>\$ 1,730,619</u>	<u>\$ 1,376,866</u>	<u>\$ 1,023,772</u>	<u>\$ 838,181</u>	<u>\$ 625,583</u>	<u>\$ 406,504</u>	<u>\$ 218,241</u>	<u>\$ 58,182</u>	<u>\$ 86,738</u>
Charter School's covered employee payroll	\$ 9,836,550	\$ 8,570,732	\$ 7,510,049	\$ 7,376,717	\$ 6,533,653	\$ 5,827,904	\$ 5,994,422	\$ 5,943,698	\$ 5,915,567
Contributions as a percentage of covered employee payroll	20.39%	18.23%	15.07%	12.80%	10.94%	8.21%	4.54%	3.61%	4.23%

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

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

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

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

	Fiscal Year Ending June 30,					
	2022	2021	2020	2019	2018	2017
OPEB Liability at Beginning of Measurement Period	\$ 16,999,242	\$ 9,326,882	\$ 8,176,361	\$ 10,118,207	\$ 10,040,853	\$ -
Changes Recognized for the Fiscal Year:						
Service Cost	2,784,173	1,499,028	1,238,955	1,509,903	1,833,131	Not Available
Interest on Total OPEB Liability	392,933	373,928	359,048	412,541	335,215	Not Available
Effect on Changes of Benefit Terms	(16,122)	-	-	-	-	Not Available
Differences Between Expected and Actual Experience	(4,728,534)	2,981,200	(308,727)	(2,714,935)	-	Not Available
Effect on Changes of Assumptions	14,944	3,105,177	139,065	(938,278)	(1,865,263)	Not Available
Contributions from the Employees	10,045	8,970	8,487	7,556	8,630	Not Available
Gross Benefit Paid by the State	(309,521)	(295,943)	(286,307)	(218,633)	(234,359)	Not Available
Net Changes	<u>(1,852,082)</u>	<u>7,672,360</u>	<u>1,150,521</u>	<u>(1,941,846)</u>	<u>77,354</u>	<u>-</u>
OPEB Liability at the End of Measurement Period	<u>\$ 15,147,160</u>	<u>\$ 16,999,242</u>	<u>\$ 9,326,882</u>	<u>\$ 8,176,361</u>	<u>\$ 10,118,207</u>	<u>\$ 10,040,853</u>
Charter School's Proportionat Share of the Total OPEB Liability	0.0252420479%	0.0250689447%	0.0223510362%	0.0177319742%	0.0188632305%	0.0173621705%
Charter School's Covered Employees Payroll	\$ 14,689,952	\$ 11,187,937	\$ 9,721,203	\$ 9,243,991	\$ 8,177,063	\$ 7,204,467
Total Charter School's OPEB Liability as a Percentage of Covered Employee Payroll	103.11%	151.94%	95.94%	88.45%	123.74%	139.37%
Charter School's Contributions	None	None	None	None	None	None

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

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to Required Supplementary Information
Public Employees Retirement System
For Fiscal Year Ended June 30, 2022

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

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 7.00% as of June 30, 2020 to 7.00% as of June 30, 2021.

NET OPEB LIABILITY (SCHEDULE M-1)

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Notes to Required Supplementary Information
Teachers Pension and Annuity Fund
For Fiscal Year Ended June 30, 2022

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

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 5.40% as of June 30, 2020 to 7.00% as of June 30, 2021.

NET OPEB LIABILITY (SCHEDULE M-1)

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021.

OTHER SUPPLEMENTARY INFORMATION

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

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2022

	ESSR ARP	ARP Learning Coach	ARP NJTSS Mental Health	CRRSA ESSER	CRRSA Learning Acceleration	SDA	Student Activities Fund	Grand Total
REVENUE SOURCES:								
Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,583	\$ 72,583
State						128,041		128,041
Federal	420,749	10,000	56,000	2,557,587	160,155			4,782,508
Total Revenues	420,749	10,000	56,000	2,557,587	160,155	128,041	72,583	4,983,132
EXPENDITURES:								
Instruction:								
Salaries				284,011	11,880			751,186
Salaries of Teachers				651,203				709,148
Purchased Prof/Tech Services	79,787			4,211	114,048			199,825
Other Purchased Services	11,368			32,650				53,462
General Supplies	155,863			230,401				574,049
Other Objects								19,857
Total Instruction	247,018	-	-	1,202,476	125,928	-	-	2,307,527
Support Services:								
Salaries	69,317			431,911	28,126			761,468
Personal Services - Employee Benefits				216,206	6,101			532,233
Purchased Prof/Ed Services								24,396
Other Purchased Prof Services - Ed Services				8,000				8,000
Other Purchased Prof/Tech Services	8,000	10,000	56,000	65,000				353,201
Miscellaneous (Other) Purchased Services	47,410			13,348				87,834
Supplies and Materials	49,004			136,562				204,570
Student Activities							90,694	90,694
Total Support Services	173,731	10,000	56,000	871,027	34,227	-	90,694	2,062,396
Facilities Acquisition and Construction Services:								
Buildings				373,275		128,041		501,316
Instructional Equipment				110,809				130,004
Total Facilities Acquisition and Construction Services	-	-	-	484,084	-	128,041	-	631,320
Total Expenditures	420,749	10,000	56,000	2,557,587	160,155	128,041	90,694	5,001,243
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	(18,111)	(18,111)
Fund Balance, July 1	-	-	-	-	-	-	80,766	80,766
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,655	\$ 62,655

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2022

	ESSA Title I	ESSA Title III	I.D.E.A. Part B	I.D.E.A. PreSchool	ARP-IDEA Part B	ARP I.D.E.A. PreSchool	CRSSA Mental Health	ESSA Title II	ESSA Title II Carryover	ESSA Title IV	ESSA Title IV Carryover
REVENUE SOURCES:											
Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State											
Federal	914,799	11,028	321,481	4,682	93,098	7,880	23,822	103,088	24,396	45,699	28,044
Total Revenues	914,799	11,028	321,481	4,682	93,098	7,880	23,822	103,088	24,396	45,699	28,044
EXPENDITURES:											
Instruction:											
Salaries	455,295										
Salaries of Teachers	13,390	1,230								24,725	18,600
Purchased Prof/Tech Services										1,779	
Other Purchased Services											9,444
General Supplies	179,362	8,423									
Other Objects	19,857										
Total Instruction	667,904	9,653	-	-	-	-	-	-	-	26,504	28,044
Support Services:											
Salaries			135,396		62,307		14,959	19,452			
Personal Services - Employee Benefits	212,891	279	61,441		30,791		2,878	1,646			
Purchased Prof/Ed Services									24,396		
Other Purchased Prof Services - Ed Services											
Other Purchased Prof/Tech Services	15,000		124,644	4,682		7,880		61,995			
Miscellaneous (Other) Purchased Services		1,096					5,985	19,995			
Supplies and Materials	19,004										
Student Activities											
Total Support Services	246,895	1,375	321,481	4,682	93,098	7,880	23,822	103,088	24,396	-	-
Facilities Acquisition and Construction Services:											
Buildings											19,195
Instructional Equipment											
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	-	-	-	19,195	-
Total Expenditures	914,799	11,028	321,481	4,682	93,098	7,880	23,822	103,088	24,396	45,699	28,044
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**SECTION G – PROPRIETARY FUNDS
DETAIL STATEMENTS**

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

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

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

STATISTICAL SECTION (UNAUDITED)

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

Contents

Financial Trends

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

Revenue Capacity (Not Applicable To Charter School)

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

FINANCIAL TRENDS

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

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

	Fiscal Year Ending June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities										
Net Investment in Capital Assets	\$ 6,003,870	\$ 2,657,399	\$ (2,780,617)	\$ 2,957,544	\$ 1,879,110	\$ 2,322,299	\$ 2,397,709	\$ 1,839,880	\$ 275,580	\$ 266,681
Restricted	62,655	80,766	-	-	-	-	-	-	-	-
Unrestricted	4,442,132	1,697,233	8,191,672	(879,484)	(2,289,652)	(4,558,757)	(4,502,942)	(3,655,292)	3,058,045	2,945,016
Total Governmental Activities Net Assets/Position	\$ 10,508,657	\$ 4,435,398	\$ 5,411,055	\$ 2,078,060	\$ (410,542)	\$ (2,236,458)	\$ (2,105,233)	\$ (1,815,412)	\$ 3,333,625	\$ 3,211,697
Business-Type Activities										
Net Investment in Capital Assets	\$ 139,590	\$ 113,418	\$ 136,255	\$ 132,430	\$ 152,613	\$ 63,267	\$ 83,253	\$ 83,253	\$ 32,465	\$ 23,770
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	556,666	310,319	211,977	210,866	84,192	107,209	116,858	164,905	127,807	168,038
Total Business-Type Activities Net Assets/Position	\$ 696,256	\$ 423,737	\$ 348,232	\$ 343,296	\$ 236,805	\$ 170,476	\$ 200,111	\$ 248,158	\$ 160,272	\$ 191,808
Charter School-wide										
Net Investment in Capital Assets	\$ 6,143,460	\$ 2,770,817	\$ (2,644,362)	\$ 3,089,974	\$ 2,031,723	\$ 2,385,566	\$ 2,480,962	\$ 1,923,133	\$ 308,045	\$ 290,451
Restricted	62,655	80,766	-	-	-	-	-	-	-	-
Unrestricted	4,998,798	2,007,552	8,403,649	(668,618)	(2,205,460)	(4,451,548)	(4,386,084)	(3,490,387)	3,185,852	3,113,054
Total Charter School-wide Net Assets/Position	\$ 11,204,913	\$ 4,859,135	\$ 5,759,287	\$ 2,421,356	\$ (173,737)	\$ (2,065,982)	\$ (1,905,122)	\$ (1,567,254)	\$ 3,493,897	\$ 3,403,505

Source: Annual Comprehensive Financial Report

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
 Changes in Net Position
 Last Ten Fiscal Years
(accrual basis of accounting)
 Unaudited

	Fiscal Year Ending June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental Activities:										
Instruction	\$ 15,954,046	\$ 14,299,714	\$ 8,555,078	\$ 11,462,802	\$ 10,562,453	\$ 9,424,127	\$ 9,860,285	\$ 6,847,415	\$ 8,637,456	\$ 7,781,671
Administration	4,645,274	7,548,927	9,233,950	5,081,598	5,215,753	2,838,768	1,202,817	2,251,993	1,777,411	1,813,483
Support Services	5,932,162	7,489,550	5,814,655	6,779,507	6,397,018	4,527,508	6,082,347	6,643,465	6,280,683	5,829,281
Capital Outlay	-	2,730,009	193,707	151,901	150,770	728,617	170,135	360,546	70,174	102,611
Interest on Long-Term Debt	785,944	-	-	-	-	-	-	-	-	-
Unallocated Depreciation	78,089	69,288	69,288	39,366	36,645	13,547	13,548	-	-	-
Unallocated Amortization	1,946,822	-	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	29,342,337	32,137,488	23,866,678	23,515,174	22,362,639	17,532,567	17,329,132	16,103,419	16,765,724	15,527,046
Business-Type Activities:										
Food Service	1,318,873	566,419	858,485	946,122	942,626	789,966	829,566	660,550	802,848	702,760
Total Business-Type Activities Expenses	1,318,873	566,419	858,485	946,122	942,626	789,966	829,566	660,550	802,848	702,760
Total Charter School Expenses	\$ 30,661,210	\$ 32,703,907	\$ 24,725,163	\$ 24,461,296	\$ 23,305,265	\$ 18,322,533	\$ 18,158,698	\$ 16,763,969	\$ 17,568,572	\$ 16,229,806
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 72,583	\$ 23,510	\$ -	\$ -	\$ -	\$ 325,050	\$ 201,668	\$ 258,791	\$ 305,903	\$ 286,804
Operating Grants and Contributions	829,500	878,031	878,868	871,025	493,022	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-	-	201,668	258,791	305,903	286,804
Total Governmental Activities Revenues	902,083	901,541	878,868	871,025	493,022	325,050	201,668	258,791	305,903	286,804
Business-Type Activities:										
Charges for Services	1,086	-	45,165	59,630	61,913	48,176	95,710	67,882	89,336	93,337
Operating Grants and Contributions	1,452,616	641,816	815,460	990,242	939,662	711,726	685,445	680,228	681,925	608,200
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Revenues	1,453,702	641,816	860,625	1,049,872	1,001,575	759,902	781,155	748,110	771,261	701,537
Total Charter School Program Revenues	\$ 2,355,785	\$ 1,543,357	\$ 1,737,493	\$ 1,920,897	\$ 1,494,597	\$ 1,084,952	\$ 982,823	\$ 1,006,901	\$ 1,077,164	\$ 988,341
Net (Expense)/Revenue										
Governmental Activities	\$ (28,440,254)	\$ (31,235,947)	\$ (22,989,810)	\$ (22,644,149)	\$ (21,869,617)	\$ (17,207,517)	\$ (17,127,464)	\$ (15,844,628)	\$ (16,459,821)	\$ (15,240,242)
Business-Type Activities	134,829	75,397	2,140	103,750	58,949	(30,064)	(48,411)	87,560	(31,587)	(1,223)
Total Charter School-wide Net Expense	\$ (28,305,425)	\$ (31,160,550)	\$ (22,987,670)	\$ (22,540,399)	\$ (21,810,668)	\$ (17,237,581)	\$ (17,175,875)	\$ (15,757,068)	\$ (16,491,408)	\$ (15,241,465)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
General Purposes	\$ 2,989,371	\$ 2,678,949	\$ 2,235,952	\$ 2,249,229	\$ 1,952,112	\$ 1,473,761	\$ -	\$ -	\$ -	\$ -
Federal and State Aid Not Restricted	32,940,077	27,302,478	23,938,979	22,775,881	21,866,204	15,518,254	16,775,873	16,634,274	16,507,691	16,099,585
Investment Earnings	5,999	3,338	50,738	67,193	17,458	1,741	2,292	2,949	209	158
Miscellaneous Income	47,558	158,065	97,136	40,448	31,602	82,536	59,478	46,909	3,675	18,916
Total Governmental Activities	35,983,005	30,142,830	26,322,805	25,132,751	23,867,376	17,076,292	16,837,643	16,684,132	16,511,575	16,118,659
Business-Type Activities:										
Investment Earnings	729	108	2,796	2,741	1,028	429	364	326	-	-
Miscellaneous Income	136,961	-	-	-	-	-	-	-	51	309
Total Business-Type Activities	137,690	108	2,796	2,741	1,028	429	364	326	51	309
Total Charter School-wide	\$ 36,120,695	\$ 30,142,938	\$ 26,325,601	\$ 25,135,492	\$ 23,868,404	\$ 17,076,721	\$ 16,838,007	\$ 16,684,458	\$ 16,511,626	\$ 16,118,968
Change in Net Position										
Governmental Activities	\$ 7,542,751	\$ (1,093,117)	\$ 3,332,995	\$ 2,488,602	\$ 1,997,759	\$ (131,225)	\$ (289,821)	\$ 839,504	\$ 51,754	\$ 878,417
Business-Type Activities	272,519	75,505	4,936	106,491	59,977	(29,635)	(48,047)	87,886	(31,536)	(914)
Total Charter School	\$ 7,815,270	\$ (1,017,612)	\$ 3,337,931	\$ 2,595,093	\$ 2,057,736	\$ (160,860)	\$ (337,868)	\$ 927,390	\$ 20,218	\$ 877,503

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

	Fiscal Year Ending June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund										
Restricted	\$ 24,324	\$ -	\$ -	\$ 30,649	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	9,252,701	7,283,346	7,490,436	4,828,028	3,386,577	1,044,596	742,434	1,242,964	3,132,545	3,006,291
Total General Fund	<u>\$ 9,277,025</u>	<u>\$ 7,283,346</u>	<u>\$ 7,490,436</u>	<u>\$ 4,858,677</u>	<u>\$ 3,386,577</u>	<u>\$ 1,044,596</u>	<u>\$ 742,434</u>	<u>\$ 1,242,964</u>	<u>\$ 3,132,545</u>	<u>\$ 3,006,291</u>
All Other Governmental Funds										
Restricted	\$ 62,655	\$ 80,766	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 62,655</u>	<u>\$ 80,766</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Annual Comprehensive Financial Report

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

Fiscal Year Ending June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues:										
Local Sources:										
Local Tax Levy	\$ 2,989,371	\$ 2,678,949	\$ 2,235,952	\$ 2,249,229	\$ 1,952,112	\$ 1,473,761	\$ 1,632,630	\$ 1,522,718	\$ 1,550,128	\$ 1,547,400
Interest in Investments	5,999	3,338	50,738	67,193	17,458	1,741	2,292	2,949	209	158
Miscellaneous	120,141	181,575	97,136	40,448	31,602	82,536	59,478	46,909	3,675	18,916
State Sources	25,933,332	23,296,391	21,906,330	20,588,237	19,118,203	14,923,616	14,425,628	14,473,354	14,381,872	13,827,912
Federal Sources	4,472,462	2,507,873	1,519,326	1,514,083	1,147,123	919,688	919,283	896,993	881,594	1,011,077
Total Revenues	33,521,305	28,668,126	25,809,482	24,459,190	22,266,498	17,401,342	17,039,311	16,942,923	16,817,478	16,405,463
Expenditures:										
Instruction	10,453,446	9,503,655	8,408,505	7,885,569	7,466,755	6,244,705	6,951,105	7,039,449	6,849,254	6,069,098
Administration	12,075,787	9,993,739	8,763,226	7,514,083	6,483,271	5,481,434	5,118,073	5,299,539	4,759,928	4,588,178
Support Services	4,834,066	6,518,474	5,810,256	6,087,606	5,766,121	4,644,424	4,707,895	5,234,039	5,011,868	4,705,884
Capital Outlay	15,863,364	2,896,042	195,736	1,499,832	208,370	728,617	762,768	1,259,477	70,174	102,611
Total Expenditures	43,226,663	28,911,910	23,177,723	22,987,090	19,924,517	17,099,180	17,539,841	18,832,504	16,691,224	15,465,771
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,705,358)	(243,784)	2,631,759	1,472,100	2,341,981	302,162	(500,530)	(1,889,581)	126,254	939,692
Other Financing Sources (Uses):										
Lease Purchase	13,150,418	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	13,150,418	-	-	-	-	-	-	-	-	-
Net Change in Fund Balance	\$ 3,445,060	\$ (243,784)	\$ 2,631,759	\$ 1,472,100	\$ 2,341,981	\$ 302,162	\$ (500,530)	\$ (1,889,581)	\$ 126,254	\$ 939,692

Source: Annual Comprehensive Financial Report

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years
(modified accrual basis of accounting)
 Unaudited

Fiscal Year Ending June 30,	Donations and Contributions	Rentals	Prior Year Refunds	Miscellaneous Revenue	Annual Total
2022	\$ -	\$ -	\$ -	\$ 47,558	\$ 47,558
2021	-	2,000	10,118	145,947	158,065
2020	5,000	3,000	12,849	76,287	97,136
2019	-	-	-	40,448	40,448
2018	-	-	3,805	27,797	31,602
2017	-	-	746	81,790	82,536
2016	-	-	230	59,248	59,478
2015	168	-	2,697	44,044	46,909
2014	-	600	150	2,925	3,675
2013	-	5,500	180	13,236	18,916

Source: Charter School records

OPERATING INFORMATION

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

Function	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Instruction	128	125	122	106	112	107	99	98	98	98
Administrative	17	15	20	14	14	10	10	12	12	11
Support Services	100	82	66	63	52	51	50	59	68	67
Food Service	2	1	1	1	1	1	2	2	3	3
Total	247	223	209	184	179	169	161	171	181	179

Source: Charter School Personnel Records

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
 Operating Statistics
 Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	Percent Change in Average Daily Enrollment	Student Attendance Percentage
2022	1502	\$ 27,363,299	\$ 18,218	7.42%	128	1:12	1492.40	1417.79	-2.76%	95.00%
2021	1534	26,015,868	16,959	9.73%	125	1:12	1533.60	1417.79	3.04%	92.45%
2020	1487	22,981,987	15,455	3.14%	122	1:12	1487.00	1440.90	3.56%	96.90%
2019	1434	21,487,258	14,984	5.49%	106	1:13	1434.00	1390.00	3.33%	96.93%
2018	1388	19,716,147	14,205	-7.33%	107	1:12	1386.20	1320.64	22.95%	95.27%
2017	1068	16,370,563	15,328	-3.06%	101	1:11	1068.00	1051.46	0.48%	98.45%
2016	1061	16,777,073	15,813	-5.97%	99	1:11	1062.90	1022.58	1.44%	96.21%
2015	1045	17,573,027	16,816	4.61%	98	1:11	1047.60	1007.55	1.29%	96.18%
2014	1034	16,621,050	16,075	9.44%	98	1:11	1034.10	1037.95	-0.86%	100.37%
2013	1046	15,363,160	14,688	-4.24%	87	1:11	1043.00	1007.10	0.51%	96.56%

Sources: Charter School records

Note: Enrollment based on annual October Charter School count.

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
 School Building Information
 Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<u>Charter School Building</u>										
<u>K-1 Campus</u>										
Square Feet	34,000	34,000	34,000	34,000	30,000					
Capacity (students)	288	288	288	288	288					
Enrollment	288	288	288	284	288					
<u>2-6 Campus</u>										
Square Feet	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000
Capacity (students)	576	576	576	576	528	564	564	564	564	564
Enrollment	670	670	624	562	526	564	555	555	560	555
<u>7-12 Campus</u>										
Square Feet	87,200	87,200	87,200	87,200	87,200	87,200	87,200	87,200	103,000	103,000
Capacity (students)	576	576	576	576	576	504	504	504	504	504
Enrollment	576	576	575	544	573	504	490	490	474	485

Number of Schools at June 30, 2022

Elementary/Middle School = 2 (Grades K-6)

High School/Middle School = 1 (Grades 7-12)

Source: Charter School Facilities Office

Note: Increases in square footage and capacity are the result of additions.

Enrollment is based on the annual October Charter School count.



New Jersey Schools Insurance Group
 6000 Midlantic Drive Suite 300
 Mt. Laurel, NJ 08054
www.njsig.org

Lee Nestel
 CBIZ Insurance Services, Inc.
 219 South Street

July 12, 2021

New Providence, NJ 07974

Re: Paterson Charter School for Science and Technology

Dear Lee:

Thank you for binding coverage with the New Jersey Schools Insurance Group.
 The following coverages are effective July 1, 2021 to July 1, 2022:

Policy Type	Policy Number	Total Premium
Package	P876AM	\$105,060.51
Errors & Omissions	E876AM	\$59,695.91
Workers' Compensation	W876AM	\$127,309.02
Supplemental Indemnity	6477-5774	\$3,950.37
Misc. Coverages:	M876AM	
Crisis Management		\$255.31
Environmental Impairment Liability		\$689.71
RESTART (Demolish & Rebuild).		\$110.13
Misc. Coverages Subtotal		\$1,055.15
Total Bound Account Premium		\$297,070.96

The above-referenced polic(ies) are in the process of being prepared and will be forwarded to you as soon as possible. In the interim, this letter shall serve to assure you that coverage is provided in accordance with the terms, conditions, and limitations of the polic(ies) in current use by NJSIG.

Sincerely,

NJSIG Underwriting Department
 TEL (609) 386-6060 | FAX (609) 386-8877



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

Policy Number: P876AM

Premium: \$105,060.51

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

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

Policy Term: 07/01/2021 to 07/01/2022 12:01 AM Eastern Standard Time

Article I - Property

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



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

Policy Number: P876AM

Article II - Electronic Data Processing

Data Processing Equipment Including Data and Media, Extra Expense, Business Income, Duplicates, Transit and Debris Removal \$500,000,000 per occurrence NJSIG Limit

Terrorism Included in Property

Computer Virus \$250,000 (\$10,000,000 NJSIG Annual Aggregate)

Deductible: \$1,000 per occurrence

Special Flood Hazard Area Flood Deductible: \$500,000 per building contents

All Other Flood Zones Flood Deductible: \$10,000 per member/per occurrence

Article III - Equipment Breakdown

Combined Single Limit per Accident for Property Damage and Business Income \$100,000,000

Sublimits:	Property Damage	Included
	Off Premises Property Damage	\$1,000,000
	Business Income	Included
	Extra Expense	\$10,000,000
	Service Interruption	\$10,000,000
	Perishable Goods	\$1,000,000
	Data Restoration	\$1,000,000
	Contingent Business Income	\$1,000,000
	Demolition	\$1,000,000
	Ordinance or Law	\$1,000,000
	Expediting Expenses	\$1,000,000
	Hazardous Substances	\$1,000,000
	Newly Acquired Locations (120 days' notice)	\$1,000,000
	Terrorism	Included

Deductibles: \$25,000 per Accident for Property Damage
 12 Hours for Indirect Coverages
 Service Interruption Waiting Period 24 Hours



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

Policy Number: P876AM

Article IV - Crime

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



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

Policy Number: P876AM

Article V - Comprehensive General Liability

Bodily Injury and Property Damage	\$16,000,000 per occurrence
Products and Completed Operations	\$16,000,000 annual aggregate
Sexual Abuse	\$15,000,000 per occurrence \$15,000,000 per member annual aggregate \$27,000,000 annual NJSIG aggregate
Communicable Disease Outbreak	\$1,000,000 per occurrence/ \$9,000,000 annual NJSIG aggregate* (*annual NJSIG aggregate limit for communicable disease outbreak shared among GL,AL and SBLL/E&O coverages)
Personal Injury and Advertising Injury	\$16,000,000 per occurrence/annual aggregate
Employee Benefits Liability	\$16,000,000 per occurrence/annual aggregate
Employee Benefits Liability Deductible	\$1,000 each claim
Premises Medical Payments	\$10,000 per accident \$5,000 limit per person
Terrorism	\$1,000,000 per occurrence/annual NJSIG aggregate
Deductible	\$0



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

Policy Number: P876AM

Article VI - Automobile

Liability		
Symbol 1 Any Auto		\$16,000,000 per accident
Bodily Injury and Property Damage		
Symbol 6 Uninsured/Underinsured Motorists - Private Passenger Autos		\$1,000,000 per accident
Symbol 6 Uninsured/Underinsured Motorists - All Other Vehicles		\$15,000 Bodily Injury Per Person \$30,000 Bodily Injury Per Accident \$5,000 Property Damage Per Accident
Symbol 5 Personal Injury Protection (including pedestrians)		\$250,000
Medical Payments		\$10,000 private passenger vehicles \$5,000 all other vehicles
Terrorism		\$1,000,000 per occurrence/annual NJSIG aggregate
Communicable Disease		\$1,000,000 per occurrence/ \$9,000,000 annual NJSIG aggregate* (*annual NJSIG aggregate limit for communicable disease outbreak shared among GL,AL and SBL/E&O coverages)
Deductible		\$0
Physical Damage	(Scheduled vehicles only)	
Symbol 7 Comprehensive		\$1,000 deductible
Collision		\$1,000 deductible
Hired Car Physical Damage \$110,000 Limit		\$1,000 deductible
Replacement Cost		Not Covered
Garage Keepers		Included



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

Policy Number: P876AM

Applicable Policy Forms

NJSIG-P1 (7/17); NJSIG-PJLA (7/017); NJSIG-PPCA (7/14); NJSIG-PLR (7/17); NJSIG-DICC (7/15); NJSIG-P2 (7/17);
NJSIG-BI (7/13); NJSIG-PGYM (07/08); NJSIG EDE (7/14)

NJSIG-EDP (7/18)

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

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

NJSIG-G0 (7/21); NJSIG-G1 (7/21); NJSIG-G2 (7/17); NJSIG-G3 (7/17); NJSIG-GMP1 (7/17)

NJSIG-A1 (7/21); NJSIG-A2 (7/10); NJSIG-A3 (7/17); NJSIG-A4 (7/11); NJSIG-A5 (7/00); NJSIG-AGK1 (7/00);
NJSIG-A6 (7/11); NJSIG-A7 (7/17); NJSIG-A8 (7/07)

NJSIG-D-PKG (7/21)

NJSIG-CPKG (7/15)

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

NJSIG Executive Director

NJSIG-D-PKG (7/21)

Page 6 of 6



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

Policy Number: E876AM

Premium: \$59,695.91

Named Insured:

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

Agent:

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

Policy Term: July 1, 2021 to July 1, 2022 12:01 AM Eastern Standard Time

Coverage A

Limit of Liability

NJSIG

\$15,000,000 each claim/annual member aggregate Excess of:

QBE Specialty Ins. Co.

\$1,000,000 each claim/ \$3,000,000 annual member aggregate

Deductible

\$5,000 each claim

Coverage B

Limit of Liability

\$100,000 each claim

\$300,000 each policy period

Deductible

\$5,000 each claim

Communicable Disease Outbreak Limit

\$1,000,000 per claim/

\$9,000,000 annual NJSIG aggregate* (*annual NJSIG aggregate limit for communicable disease outbreak shared among GL,AL and SBLL/E&O coverages)

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

Retroactive Dates for Coverages A & B

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

Retro Date for Coverage A for Liability Limits up to \$1,000,000	July 1, 1986
Retro Date for Coverage A for Liability Limits \$14,000,000 excess \$1,000,000	July 1, 1986
Retro Date for Coverage A for Liability Limits \$5,000,000 excess \$15,000,000	July 1, 1986
Retro Date for Coverage A for Liability Limits \$10,000,000 excess \$20,000,000	July 1, 2012
Retro Date for Coverage A for Liability Limits \$1,000,000 excess \$30,000,000	July 1, 1986
Retro Date for Coverage B	July 1, 1986

Policy Forms: NJSIG-E1 (7/21)

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

NJSIG Executive Director

NJSIG-D-EO (7/21)

Page 1 of 1



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

Workers' Compensation and Employers' Liability Declarations Page

Policy Number: W876AM

Premium: \$127,309.02

Named Insured:

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

Agent:

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

Policy Term: 07/01/2021 to 07/01/2022 12:01 AM Eastern Standard Time

Estimated Professional & Clerical Payroll	\$12,385,084.00
Estimated Non-Professional Payroll	\$272,950.00
Experience Modifier	1.1349
ERIC West Discount	0.5100

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

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

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

Policy Forms: NJSIG-W1 (7/03); NJSIG-W2 (7/19)

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

NJSIG Executive Director



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

Named Insured: Paterson Charter School for Science and Technology

Policy No.: 876AL-01

Policy Period: 07/01/2020 to 07/01/2021

EDP Value: \$550,000

Fine Arts Value: \$0

Business Income Value: \$20,000

Loss of Rents Value: \$10,000

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

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

Bldg #	Description	Address	Flood Zone	Territory	Protection Class	Square Feet	Effective Date	Building Value	Builders Risk Value	Total Insured Value
				Valuation Basis	Construction Type	Year Built	Expiration Date	Contents Value	Misc Prop Value	
6	Paterson Charter School of Science & Tech (Grades 7-12)(Leased)	194-204 West Railway Avenue Paterson, NJ 07503	X	Inland		87200	07/01/2020	\$18,486,400		\$20,861,400
				Replacement Cost	Masonry Non-Combustible	1960	07/01/2021	\$2,375,000		
1	Paterson Charter School of Science & Tech (Grades K-6)(Leased)	276 Wabash Avenue Paterson, NJ 07503	X	Inland		68000	07/01/2020	\$14,416,000		\$15,141,000
				Replacement Cost	Masonry Non-Combustible	1960	07/01/2021	\$725,000		
8	Storage Trailer	276 Wabash Avenue Paterson, NJ 07503	X	Inland		0	07/01/2020	\$0		\$7,800
				Replacement Cost	Misc Property		07/01/2021		\$7,800	
9	Elementary School-VACANT	39-53 East 34th Street Paterson, NJ 07503	X	Inland		18276	09/04/2020	\$4,500,000		\$4,500,000
				Actual Cash Value	Non-Combustible	1980	07/01/2021	\$0		



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

Named Insured: Paterson Charter School for Science and Technology

Policy No.: 876AL-01

Policy Period: 07/01/2020 to 07/01/2021

Bldg #	Description	Address	Flood Zone	Territory	Protection Class	Square Feet	Effective Date	Building Value	Builders Risk Value	Total Insured Value
				Valuation Basis	Construction Type	Year Built	Expiration Date	Contents Value	Misc Prop Value	
7	Paterson Charter School of Science & Tech (Grades K-1)	55 Main Street Paterson, NJ 07505	AE	Inland		30400	07/01/2020	\$7,344,000		\$7,644,000
				Replacement Cost	Masonry Non-Combustible	1960	07/01/2021	\$300,000		
Policy Totals								\$44,746,400	\$0	\$48,154,200
								\$3,400,000	\$7,800	

*The Undersigned acknowledges that Environmental Coverage is SITE SPECIFIC and that in order for Environmental Coverage to apply, all locations listed on this Schedule of Properties must reflect the complete legal address of the property, including Street Number, City and Zip Code.

Matt Anar

6/3/2021 | 2:18:01 PM PDT

Authorized Signature (Board Secretary/Business Administrator)

Date

CHUBB

Endorsement

NJ School Boards Supplemental Indemnity Program

Effective Date: 07/01/2021
Policy Number: 9907-15-88
Policyholder: New Jersey Schools Insurance Group
Policy Period: 07/01/2021 to 07/01/2022
Name of Company: Federal Insurance Company
Issue Date: 11/08/2021

It is agreed that the Policy is amended as follows:

In consideration of the payment of premium of \$3,950.37, the following Member School Board has elected coverage under this Policy:

Paterson Charter School for Science and Technology

Effective Date: 07/01/2021

Plan Elimination Period selected: 7 days

All other terms and conditions of the policy remain unchanged.



Authorized Representative

Berkley Life and Health Insurance Company



Urbandale, Iowa
Underwriting Office:
2445 Kuser Road, Suite 201
Hamilton Square, NJ 08690

ADMINISTRATIVE CHANGE RIDER

This Rider is attached to and made a part of Policy Number KSA L404008053309 issued to Paterson Charter School (the Policyholder).

Effective 09/01/2021, the Policy is renewed and **SCHEDULE OF BENEFITS** in the Policy is amended as follows:

The **POLICY PERIOD** is changed to 09/01/2021 to 09/01/22.

The **POLICY NUMBER** is changed to KSA L404008053310 and the **PREMIUM** is **Class 1, \$72.00; Class 2, \$12.00.**

This Rider does not change any other provisions of the Policy.

Signed for the Company:

President

Secretary

Selective Insurance Company of America
40 Wantage Avenue
Branchville, New Jersey 07890
973-948-3000

**CONTINUATION
CERTIFICATE**

The Selective Insurance Company of America (hereinafter called the Company) hereby continues in force its Bond/Policy No. **B 1241687**

in the sum of Two Hundred Thousand Dollars (\$200,000.00)

on behalf of Christopher Lessard

595 Mountain View Avenue Nazareth, PA 18064

in favor of Paterson Charter School for Science and Technology

for the (extended) term beginning on the 1st, day of July, 2021

and ending on the 1st day of July, 2022 subject to all

the covenants and conditions of said Bond/Policy.

This continuation is executed upon the express condition that the Company's liability under said bond/Policy and this and all continuations thereof shall not be cumulative and shall in no event exceed the sum of Two Hundred Thousand Dollars (\$200,000.00)

IN WITNESS WHEREOF, the Company has caused this instrument to be signed by its officers proper for the purpose and its corporate seal to be hereto affixed this 2nd day of April, 2021

SELECTIVE INSURANCE COMPANY OF AMERICA

By Timothy A. Marchio

Attorney-in-Fact
Timothy A. Marchio





Selective Insurance Company of America
40 Wantage Avenue
Branchville, New Jersey 07890
973-948-3000

BondNo.B 1241687

POWER OF ATTORNEY

School Treasurer

SELECTIVE INSURANCE COMPANY OF AMERICA, a New Jersey corporation having its principal office at 40 Wantage Avenue, in Branchville, State of New Jersey ("SICA"), pursuant to Article VII, Section 1 of its By-Laws, which state in pertinent part:

The Chairman of the Board, President, Chief Executive Officer, any Executive Vice President, any Senior Vice President or any Corporate Secretary may, from time to time, appoint attorneys in fact, and agents to act for and on behalf of the Corporation and they may give such appointee such authority, as his/her certificate of authority may prescribe, to sign with the Corporation's name and seal with the Corporation's seal, bonds, recognizances, contracts of indemnity and other writings obligatory in the nature of a bond, recognizance or conditional undertaking, and any of said Officers may, at any time, remove any such appointee and revoke the power and authority given him/her.

does hereby appoint: Timothy A. Marchio

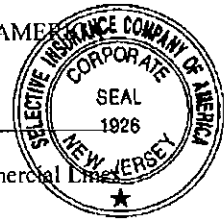
, its true and lawful attorney(s)-in-fact, full authority to execute on SICA's behalf fidelity and surety bonds or undertakings and other documents of a similar character issued by SICA in the course of its business, and to bind SICA thereby as fully as if such instruments had been duly executed by SICA's regularly elected officers at its principal office, in amounts or penalties not exceeding the sum of: Two Hundred Thousand Dollars (\$200,000.00)

Signed this 2nd day of April, 2021

SELECTIVE INSURANCE COMPANY OF AMERICA

By: [Signature]

Brian C. Sarisky
Its SVP, Strategic Business Units, Commercial Lines



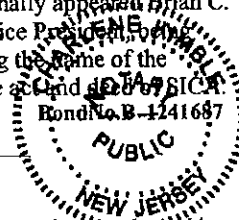
CERTIFIED COPY

STATE OF NEW JERSEY :
:ss. Branchville
COUNTY OF SUSSEX :

On this 2nd day of April, 2021 before me, the undersigned officer, personally appeared Brian C. Sarisky, who acknowledged himself to be the Sr. Vice President of SICA, and that he, as such Sr. Vice President, is duly authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the same of the corporation by himself as Sr. Vice President and that the same was his free act and deed and the free act and deed of SICA.

Charlene Kimble
Notary Public of New Jersey
My Commission Expires 6/2/2021

[Signature]
Notary Public



The power of attorney is signed and sealed by facsimile under and by the authority of the following Resolution adopted by the Board of Directors of SICA at a meeting duly called and held on the 6th of February 1987, to wit:

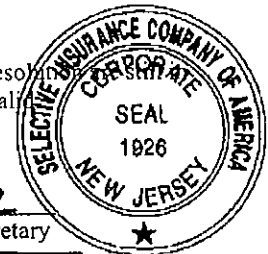
"RESOLVED, the Board of Directors of Selective Insurance Company of America authorizes and approves the use of a facsimile corporate seal, facsimile signatures of corporate officers and notarial acknowledgements thereof on powers of attorney for the execution of bonds, recognizances, contracts of indemnity and other writing obligatory in the nature of a bond, recognizance or conditional undertaking."

CERTIFICATION

I do hereby certify as SICA's Corporate Secretary that the foregoing extract of SICA's By-Laws and Resolutions in full force and effect and this Power of Attorney issued pursuant to and in accordance with the By-Laws is valid.

Signed this 2nd day of April, 2021

[Signature]
Michael H. Lanza, SICA Corporate Secretary



Important Notice: If the bond number embedded within the Notary Seal does not match the number in the upper right-hand corner of this Power of Attorney, contact us at 973-948-3000.

B91 (6-16)



Selective Insurance Company of America
40 Wantage Avenue
Branchville, New Jersey 07890
973-948-3000

Bond No. B 1248329

POWER OF ATTORNEY

School Business Administrator

SELECTIVE INSURANCE COMPANY OF AMERICA, a New Jersey corporation having its principal office at 40 Wantage Avenue, in Branchville, State of New Jersey ("SICA"), pursuant to Article VII, Section 1 of its By-Laws, which state in pertinent part:

The Chairman of the Board, President, Chief Executive Officer, any Executive Vice President, any Senior Vice President or any Corporate Secretary may, from time to time, appoint attorneys in fact, and agents to act for and on behalf of the Corporation and they may give such appointee such authority, as his/her certificate of authority may prescribe, to sign with the Corporation's name and seal with the Corporation's seal, bonds, recognizances, contracts of indemnity and other writings obligatory in the nature of a bond, recognizance or conditional undertaking, and any of said Officers may, at any time, remove any such appointee and revoke the power and authority given him/her.

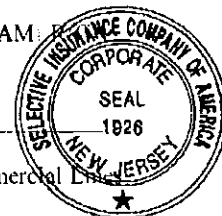
does hereby appoint Kevin Sayle

, its true and lawful attorney(s)-in-fact, full authority to execute on SICA's behalf fidelity and surety bonds or undertakings and other documents of a similar character issued by SICA in the course of its business, and to bind SICA thereby as fully as if such instruments had been duly executed by SICA's regularly elected officers at its principal office, in amounts or penalties not exceeding the sum of: Two Hundred Thousand Dollars (\$200,000.00)

Signed this 30th day of June, 2021

SELECTIVE INSURANCE COMPANY OF AMERICA

By: [Signature]
Brian C. Sarisky
Its SVP, Strategic Business Units, Commercial Lines



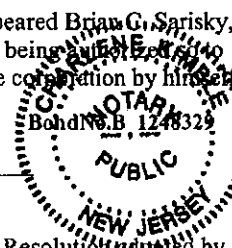
CERTIFIED COPY

STATE OF NEW JERSEY :
:ss. Branchville
COUNTY OF SUSSEX :

On this 30th day of June, 2021 before me, the undersigned officer, personally appeared Brian G. Sarisky, who acknowledged himself to be the Sr. Vice President of SICA, and that he, as such Sr. Vice President, being duly authorized to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Sr. Vice President and that the same was his free act and deed and the free act and deed of SICA.

Charlene Kimble
NOTARY PUBLIC
STATE OF NEW JERSEY
ID # N/A
MY COMMISSION EXPIRES 6/2/26

[Signature]
Notary Public



The power of attorney is signed and sealed by facsimile under and by the authority of the following Resolution adopted by the Board of Directors of SICA at a meeting duly called and held on the 6th of February 1987, to wit:

"RESOLVED, the Board of Directors of Selective Insurance Company of America authorizes and approves the use of a facsimile corporate seal, facsimile signatures of corporate officers and notarial acknowledgements thereof on powers of attorney for the execution of bonds, recognizances, contracts of indemnity and other writing obligatory in the nature of a bond, recognizance or conditional undertaking."

CERTIFICATION

I do hereby certify as SICA's Corporate Secretary that the foregoing extract of SICA's By-Laws and Resolution is true in force and effect and this Power of Attorney issued pursuant to and in accordance with the By-Laws is valid.

Signed this 30th day of June, 2021

[Signature]
Michael H. Lanza, SICA Corporate Secretary



Important Notice: If the bond number embedded within the Notary Seal does not match the number in the upper right-hand corner of this Power of Attorney, contact us at 973-948-3000.

B91 (4-14)



The Hanover Insurance Company | 440 Lincoln Street, Worcester, MA 01653
Citizens Insurance Company of America | 645 West Grand River Avenue, Howell, MI 48843
Massachusetts Bay Insurance Company | 440 Lincoln Street, Worcester, MA 01653

CONTINUATION CERTIFICATE

Principal:

Paterson Charter School for Science & Technology

196 W. Railway Ave.

Paterson NJ 07053

Bond No.: BLYD079908

Date: October 27, 2021

Continuation Term: License or Permit Bond

From: October 26, 2021 **To:** October 26, 2022

Obligee:

State of New Jersey, Dept. of Education

Office of Charter & Renaissance Schools

Trenton NJ 08625

Agent:

CBIZ Insurance Services, Inc.

219 South St

New Providence, NJ 07974-2100

Bond Amount: \$ \$75,000.00

Premium: \$ \$750.00

It is hereby agreed that the above referenced captioned numbered Bond issued by The Hanover Insurance Company (hereinafter the "Surety") is continued in force in the above amount for the Continuation Term period of the continued term stated above, and is subject to all the covenants and conditions of said Bond.

This Continuation Certificate shall be deemed a part of the original Bond, and not a separate obligation, no matter how long the Bond has been in force or how many premiums are paid for the Bond, unless otherwise provided for by statute or ordinance applicable.

Surety's liability under said Bond and for all continuation certificates issued in connection therewith shall not be cumulative and in no event shall the liability of the Surety exceed the amount as set forth in the Bond or in any additions, riders, or endorsements properly issued by the Surety as supplements thereto.

In witness whereof, the company has caused this instrument to be duly signed, sealed and dated as of the above "continuation effective date."



The Hanover Insurance Company

By: _____
Attorney-In-Fact

cc: 4106705



HISCOX INSURANCE COMPANY INC. (A Stock Company)

104 South Michigan Avenue, Suite 600, Chicago, Illinois, 60603
(914) 273-7400

Cyber and Data Risk Solution

DECLARATIONS

NOTICE: YOUR POLICY CONTAINS CLAIMS-MADE LIABILITY COVERAGE. CLAIMS-MADE COVERAGE APPLIES ONLY TO CLAIMS THAT ARE FIRST MADE DURING THE POLICY PERIOD OR DISCOVERY PERIOD, IF PURCHASED, AND REPORTED IN ACCORDANCE WITH THE TERMS OF THE POLICY.

THE LIMIT OF LIABILITY AVAILABLE TO PAY DAMAGES WILL BE REDUCED AND MAY BE EXHAUSTED BY CLAIM EXPENSES. FURTHERMORE, CLAIM EXPENSES WILL BE APPLIED AGAINST THE RETENTION.

In return for the payment of the premium, and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy.

PLEASE READ YOUR POLICY CAREFULLY AND CONSULT YOUR INSURANCE ADVISOR ABOUT ANY QUESTIONS YOU MIGHT HAVE.

Broker no:	Adam Connor
Policy no.:	HXCXCYB-P-4866138
Renewal of:	N/A
1. Named Insured: Address:	Paterson Charter School for Science and Technology 196 W Railway Ave Paterson, New Jersey, 07503-2227
Email address:	mall.anar@pcsst.org
2. Policy period:	Inception Date: July 1, 2021 Expiration Date: July 1, 2022 Inception date shown shall be at 12:01 A.M. (Standard Time) to Expiration date shown above at 12:01 A.M. (Standard Time) at the address of the Named Insured.
3. General terms and conditions wording:	PLP P0001 CW (07/19) General Terms and Conditions The General terms and conditions apply to this policy in conjunction with the specific wording detailed in each section below.
4. Policy limits:	The Cyber (CYE) and Digital Media (MED) limits will be shared, and any payments made under either Coverage Part will reduce the coverage part limits for both Coverage Parts.
Cyber (CYE)	\$1,000,000 each claim and/or event \$1,000,000 aggregate
Digital Media (MED)	\$1,000,000 each claim and/or event \$1,000,000 aggregate
5. Endorsements:	See Schedule



HISCOX INSURANCE COMPANY INC. (A Stock Company)

104 South Michigan Avenue, Suite 600, Chicago, Illinois, 60603
(914) 273-7400

6. **Notification of claims to:** Hiscox Claims
520 Madison Avenue, 32nd Floor
New York, NY 10022
Fax: 212-922-9652
Email: hiscoxclaims@hiscox.com

OR

Phone: 1-866-424-8508
Email: reportclaim@hiscox.com
Mail: Attn : Direct Claims Hiscox
520 Madison Avenue, 32nd floor
New York, NY 10022

Please inform us immediately if you have a claim or loss to report.

Notification of cyber claims and events:

Hiscox Cyber Claims
520 Madison Avenue, 32nd Floor
New York, NY 10022
Fax: 212-922-9652
Email: cyberclaimsUSA@Hiscox.com
If you experience a cyber event, please also contact the Breach Coach® at 1-855-HISCO-BR (1-855-447-2627).
Provide your company name and any other companies/individuals involved.

7. **Policy Premium:** \$5,628.45
Premium Allocated to TRIA: \$51
State Surcharge: \$33.45

RPS Service Fee \$20.00

8. **Optional extension period:** 12/24/36 months at 75/150/225% of the annual premium, for eligible coverage parts.

9. **Valued added services:** Your CyberClear policy includes a comprehensive panel of breach response resources, featuring eRisk Hub® Breach Response Resource and Information Web Portal, powered by NetDiligence®, the industry standard of response and protection. Plus, public relations support, legal services, credit monitoring, extortion protection and more. These resources will help you comply with regulations and protect your reputation, should a breach occur.

For more information, visit <https://www.hiscox.com/risk-management-cyber>.



HISCOX INSURANCE COMPANY INC. (A Stock Company)

104 South Michigan Avenue, Suite 600, Chicago, Illinois, 60603
(914) 273-7400

Cyber Coverage Part: CYBCL-CYB P0001A CW (10/19)

Cyber (CYE):	\$1,000,000 each claim and/or event \$1,000,000 aggregate Retention: \$2,500 Retroactive Date: Full Prior Acts Period of Restoration: 120 days
Bricking:	\$1,000,000 aggregate (Shared) Retention: \$2,500
Cyber Crime: (Funds Transfer Fraud, Social Engineering, and Reverse Social Engineering)	\$250,000 aggregate (Shared) Retention: \$2,500
Dependent Business Interruption:	\$1,000,000 (Shared) Retention: \$2,500 Waiting Period: 10 hours
Dependent System Failure:	\$1,000,000 aggregate (Shared) Retention: \$2,500 Waiting Period: 10 hours
Enhanced Privacy Regulation:	\$1,000,000 aggregate (Shared) Retention: \$2,500
Reputational Harm:	\$1,000,000 aggregate (Shared) Retention: \$2,500
System Failure:	\$1,000,000 aggregate (Shared) Retention: \$2,500 Waiting Period: 10 hours
Utility Fraud:	\$250,000 aggregate (Shared) Retention: \$2,500
Endorsements: CYBCL-CYB E2013 CW (04/19) Blanket Additional Insured Endorsement (Written Contract) E6149.4 Amend Insured vs. Insured Endorsement (Additional Insureds Carveback) CYBCL-CYB E2053 CW (04/19) War and Civil War Exclusion Endorsement (Cyber Terrorism Carveback) CYBCL-CYB E2066 CW (06/20) BYOD Endorsement (Amend Definition of Computer System)	
<i>All limits designated as "shared" are a part of, and not in addition to, the Cyber Limit.</i>	



HISCOX INSURANCE COMPANY INC. (A Stock Company)

104 South Michigan Avenue, Suite 600, Chicago, Illinois, 60603
(914) 273-7400

Digital Media Liability Coverage Part: CYBCL-MED P0001S CW (04/19)

Digital Media (MED):	\$1,000,000 each claim and/or event \$1,000,000 aggregate Retention: \$2,500 Retroactive Date: Full Prior Acts
Endorsements:	



HISCOX INSURANCE COMPANY INC. (A Stock Company)

104 South Michigan Avenue, Suite 600, Chicago, Illinois, 60603
(914) 273-7400

Schedule of Endorsements

<u>NUMBER</u>	<u>TITLE</u>
CYBCL E1001 CW (04/19)	Difference In Conditions Endorsement (cyber)
CYBCL-CYB E2013 CW (04/19) E6149.4	Blanket Additional Insured Endorsement (Written Contract)
CYBCL-CYB E2053 CW (04/19)	Amend Insured vs. Insured Endorsement (Additional Insureds Carveback)
WCL E6017 CW (04/19)	War and Civil War Exclusion Endorsement (Cyber Terrorism Carveback)
WCL E6018 CW (07/13)	Nuclear Incident Exclusion
WCL E6016 CW (05/13)	Applicable Law
INT E9999 CW (01/15)	Service of Suit Endorsement
CYBCL-CYB E2066 CW (06/20)	Cap on Losses from Certified Acts of Terrorism Endorsement
CYBCL E9013 NJ (04/19)	BYOD Endorsement (Amend Definition of Computer System)
PLP E9027 NJ (04/19)	New Jersey Amendatory Endorsement
INT E9997 CW (01/15)	New Jersey Amendatory Endorsement
	Policyholder Disclosure Notice of Terrorism Insurance Coverage

President

Secretary

Authorized Representative

SCHEDULE OF BENEFITS

This Policy is intended to be read in its entirety. In order to understand all the conditions, exclusions and limitations applicable to its benefits, please read all the policy provisions carefully.

Eligible Persons: All enrolled students of the Policyholder grades PreK-12, including student-athletes.
Registered volunteers of the Policyholder.

CONDITIONS OF COVERAGE

The benefits provided by this Policy will be paid, subject to applicable conditions, limitations and exclusions, under the following coverage.

Policyholder Coverage – Not Applicable
School Coverage – Applicable
Sports Coverage – Not Applicable

Covered Travel activities

Covered Activity Travel Limits

Personal Deviations	Not covered
Travel arranged, provided, or paid for by the Policyholder	No time limit
Any other covered travel immediately before or after a Covered Activity	Limited to one hour each way

Overnight Supervised and Sponsored Activities with duration of more than 7 days and related travel are not covered unless specifically agreed to in writing by Us.

Covered Activities Participation in the following Policyholder Supervised and Sponsored activities:

Policyholder activities, including interscholastic sports, including football.

Solely as it may relate to a Covered Activity, coverage is in effect during travel to any Covered Activity that takes place within the United States, its possessions, or the countries of Canada or Mexico. Except to the extent coverage is provided herein, Exclusion 11. in Section COMMON EXCLUSIONS still applies.

INDEMNITY BENEFITS**ACCIDENTAL DEATH AND DISMEMBERMENT BENEFITS**

Loss must occur within 365 days of the Covered Accident

Covered Loss	Schedule of Covered Losses Benefit
Loss of Life	\$25,000
Loss of Two or More Hands or Feet	\$50,000
Loss of Sight of Both Eyes	\$50,000
Loss of One Hand or Foot and Sight in One Eye	\$50,000
Loss of Speech and Hearing	\$50,000
Loss of One Hand or Foot	\$25,000
Loss of Sight in One Eye	\$25,000
Loss of Speech	\$25,000
Loss of Hearing in Both Ears	\$25,000
Loss of Thumb and Index Finger of the Same Hand	\$12,500
Aggregate Limit of Indemnity	\$500,000
Applies to:	All Conditions of Coverage

Not more than the Aggregate Limit of Indemnity specified above will be paid for all Covered Losses suffered by all Covered Persons insured under this Accidental Death and Dismemberment Benefit as the result of any one Covered Accident that occurs under one of the Conditions of Coverage, as specified above. If this amount does not allow all Covered Persons to be paid the amounts this Policy otherwise provides, the amount paid will be the proportion of the Covered Person's loss to the total of all losses, multiplied by the Aggregate Limit of Indemnity.

ACCIDENT MEDICAL EXPENSE BENEFITS

Any benefit limits and Benefit Percentages for Accident Medical Expense Benefits apply, unless otherwise specified, on a per-Covered Person – per Covered Accident basis. Any applicable Deductibles must be satisfied within the time periods specified before benefits are payable.

Scope of Coverage Applicable to Accident Medical Benefits

Full Excess Medical Expense
Other Health Care Plan Reduction 50%

Medical Expense Benefits

Total Lifetime Maximum for all
Accident Medical Expense Benefits \$25,000

First Covered Expenses must
be Incurred within 90 days after a Covered Accident

Benefit Period 2 year(s) from the date of the Covered Accident

Deductible \$0
applies to each Covered Accident and includes Covered
Expenses paid under another Health Care Plan

Covered Expense

Benefit Amount, Percentage, Other Limits

In-Patient Hospital Services	
Daily ICU or CCU Benefit	100%, up to two times the average semi-private room rate
Daily In-Hospital Benefit	100% of the average semi-private room rate
Miscellaneous Services	100%
Ambulatory Medical Center	100%
Emergency Room Treatment	100%
Physician Services	
Surgery Benefit	100%
Assistant Surgeon	100%
Physician's Surgical Facilities	100%
Second Opinion or Consultation	100%
Physician's Assistant	100%
Anesthesia Benefit	100%
Inpatient Visits	100%
Office Visits	100%
Outpatient X-Ray, CT Scan, MRI and Laboratory Tests	100%
Outpatient Physiotherapy	100%
Nursing Services	100%
Ambulance Services	100%
Medical Equipment Rental	100%

Medical Services and Supplies 100%

Covered Services include:

- (a) initial artificial limbs, eyes and larynx, including fitting; and
- (b) examination, prescription for, replacement or repair of damaged eyeglasses, contact lenses or hearing aids.

Dental Services 100%

Prescription Drug Benefit 100%

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

	2020 Audit	2021 Audit	2022 Audit	Source
Cash	7,512,199	7,554,634	10,250,769	Audit: Exhibit A-1
Current Assets (include cash)	8,001,936	7,989,967	10,577,226	Audit: Exhibit A-1
Current Liabilities	559,722	647,042	1,061,986	Audit: Exhibit A-1
Total Expenses	24,725,163	32,703,907	30,607,227	Audit: Exhibit A-2
Change in Net Position	3,337,931	(1,017,612)	7,803,529	Audit: Exhibit A-2
Final Average Daily Enrollment (exclude PK)*	1,434.00	1,434.00	1,492.00	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)	1,440	1,440	1,584	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/note/bond payable:</i>				
Depreciation Expense	225,569	242,638	270,591	Auditor/Workpapers
Interest Expense	-	-	785,944	Auditor/Workpapers
Principal Payments	-	-	-	Auditor/Workpapers
Interest Payments	-	-	785,944	Auditor/Workpapers

Performance Indicators	2020	2021	2022	3 YR CUM	Calculation****	Target****
Near Term Indicators						
1a. Current Ratio (working capital ratio)	14.30	12.35	9.96		Current Assets/Current Liabilities	> 1.1 or between 1.0-1.1 with positive trend
1b. Unrestricted days cash on hand	111	84	122		Cash/(Total Expenses/365)	60 days or 30-60 days with positive trend
1c. Enrollment Variance	100%	100%	94%	98%	Average Daily Enrollment/Budgeted Enrollment	>95% or >95% for 3 yr cum
1d.** Default on loans or delinquent in debt payments	NO	NO	NO		Auditor	not in default
Sustainability Indicators						
2a*** 3 Year Cumulative Cash Flow	3,018,925	42,435	2,696,135	5,757,495	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	11.27		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
 *** 2022 =2022 Cash -2021 Cash; 2021 =2021 Cash -2020 Cash; 2020 =2020 Cash -2019 Cash
 **** Refer to NJ Performance Framework

Meets Standard
 Does Not Meet Standard
 Falls Far Below Standard

SINGLE AUDIT SECTION

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206
Union, New Jersey 07083
908-686-3484
FAX – 908-686-6055
www.cpa-bc.com ♦ info@cpa-bc.com

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Paterson Charter School for Science and Technology (Charter School), in the County of Passaic, State of New Jersey, as of and for the fiscal year ended June 30, 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 March 15, 2023.

Internal Control over Financial Reporting

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

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

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

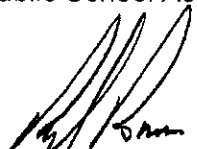
Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and state awarding agencies and pass-through entities, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountant


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

Union, New Jersey
March 15, 2023

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206
Union, New Jersey 07083
908-686-3484
FAX – 908-686-6055
www.cpa-bc.com ♦ info@cpa-bc.com

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the compliance of the Paterson Charter School for Science and Technology (Charter School), in the County of Passaic, State of New Jersey, with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *New Jersey OMB Circular 15-08 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 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 Paterson Charter School for Science and Technology, in the County of Passaic, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

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

standards, the Uniform Guidance, and New Jersey OMB Circular 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 Paterson Charter School for Science and Technology 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 and state program. Our audit does not provide a legal determination of Paterson Charter School for Science and Technology's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Paterson Charter School for Science and Technology's 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 Paterson Charter School for Science and Technology'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*, audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance and New Jersey OMB Circular 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 Paterson Charter School for Science and Technology's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance, and New Jersey OMB Circular 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 Paterson Charter School for Science and Technology'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 Paterson Charter School for Science and Technology'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 New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid but not for the purpose of expressing an opinion on the effectiveness of Paterson Charter School for Science and Technology's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

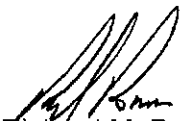
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountant


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

Union, New Jersey
March 15, 2023

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	FAN	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2021	Carryover/(Walkover) Amount	Cash Disbursed	Budgetary Expenditures	Pass Through To Subrecipients	Adjustments	Repayment of Prior Years' Balances	Accounts Receivable	Balance at June 30, 2022 Unencumbered Available	Due to Grantor
U.S. Department of Education															
General Fund	93.778	2205NUEWAP	N/A	\$ 60,287	7/1/21	6/30/22	\$ -	\$ 60,287	\$ (60,287)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Medical Assistance Program (SEM)															
Total General Fund															
U.S. Department of Education															
Passed-through State Department of Education															
Special Revenue Fund:															
Emergency Relief Act Cluster:															
Emergency Relief Act Cluster:															
Title I Reallocated Carryover	84.010	S0104210030	ESSA - 7503 - 22	971,948	7/1/21	6/30/22		914,799	(914,799)						
Title II Part A SEI ESSA	84.010	S010A210030	ESSA - 7503 - 21	36,714	9/1/20	6/30/21	(6,602)	6,602							
Title III Part A SEI ESSA	84.365	S365A210029	ESSA - 7503 - 22	13,798	7/1/21	6/30/22		11,028	(11,028)						
Title II Part A SEI ESSA	84.367A	S367A210029	ESSA - 7503 - 22	103,068	7/1/21	6/30/22		103,068	(103,068)						
Title IV ESSA	84.424	S424A210031	ESSA - 7503 - 21	24,396	7/1/20	6/30/21		24,396	(24,396)						
Title IV ESSA	84.424	S424A210031	ESSA - 7503 - 22	86,090	7/1/21	6/30/22	(779)	45,899	(45,899)						
Title IV ESSA	84.424	S424A210031	ESSA - 7503 - 21	26,234	9/1/20	6/30/21	(7,387)	26,234	(26,234)						
Total Every Student Succeeds Act Cluster								1,134,463	(1,132,054)						
Social Education Cluster (IDEA)															
IDEA - Part B Basic	84.027	H027A210100	IDEA - 7503 - 22	321,481	7/1/21	6/30/22		210,011	(321,481)				(111,470)		
IDEA - Part B Basic Carryover	84.027	H027A210100	IDEA - 7503 - 21	291,439	7/1/20	6/30/21		93,098	(93,098)						
IDEA - Preschool-ARR	84.173	H173A210114	IDEA - 7503 - 22	4,682	7/1/21	6/30/22		4,167	(4,682)				(515)		
IDEA - Preschool-ARR	84.173	H173A210114	IDEA - 7503 - 22	7,880	7/1/21	6/30/22		7,880	(7,880)				(111,985)		
Total Social Education Cluster (IDEA)								315,156	(427,147)						
Other Special Revenue Funds:															
CARES Emergency Relief Grant	84.425D	S425D200027	N/A	3,057,588	9/1/21	6/30/22		2,557,588	(2,557,588)						
CARES Emergency Relief Grant	84.425D	S425D200027	N/A	833,244	8/31/22	8/31/22	(41,035)	41,035							
CARES Emergency Relief Grant - Learning Acceleration	84.425D	S425D200027	N/A	196,220	9/1/21	8/31/22		160,155	(160,155)						
CARES Emergency Relief Grant - Mental Health	84.425D	S425D200027	N/A	45,000	9/1/21	8/31/22		23,822	(23,822)						
CARES Emergency Relief Grant-ARR	84.425D	S425D200027	N/A	7,234,247	9/1/21	8/31/22	(41,035)	480,748	(480,748)						
Total Other Special Revenue Funds								3,269,349	(3,226,313)						
Total Special Revenue Fund								4,178,939	(4,782,608)				(111,985)		
U.S. Department of Agriculture															
Passed-through State Department of Agriculture															
Enterprise Fund:															
Child Nutrition Program Cluster:															
School Breakfast Program	10.553	221NUS04N1099	N/A	337,197	7/1/21	6/30/22		314,414	(337,197)				(22,783)		
School Lunch Program	10.553	211NUS04N1099	N/A	822,856	7/1/21	6/30/22	(28,295)	822,856	(822,856)				(65,781)		
National School Lunch Program - Cash Assistance	10.555	211NUS04N1099	N/A	352,332	7/1/20	6/30/21	(645,040)	45,040							
National School Lunch Program - Commodities	10.555	221NUS04N1099	N/A	85,746	7/1/21	6/30/22	(73,335)	65,746	(65,746)				(78,564)		
Total Child Nutrition Program Cluster								1,290,310	(1,295,759)						
Other Enterprise Funds:															
Child and Adult Care Food Program - Food	10.558	221NUS04N1099	N/A	116,709	7/1/21	6/30/22		110,426	(116,709)				(6,283)		
Fresh Fruits and Vegetable Program	10.562	211NUS04N1603	N/A	1,201	7/1/21	6/30/22	(1,647)	1,647	(1,201)				(1,472)		
Fresh Fruits and Vegetable Program	10.562	211NUS04N1603	N/A	17,810	7/1/20	6/30/21	(1,647)	1,647					(7,753)		
Total Enterprise Funds								1,418,372	(1,428,709)				(66,319)		
Sub-Total Federal Financial Awards								\$ 6,197,698	\$ (6,272,904)				\$ (98,304)		

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2022

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Due to Grantor	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balance	Balance at June 30, 2022		MEMO
			From	To						Unearned Revenue (Accounts Receivable)	Unearned/ Intrafund Payable	
State Department of Education												
General Fund:												
State Aid - Public Cluster												
Special Aid - State Share - Charter School Aid	22-495-034-5120-078	\$ 19,855,898	7/1/21	6/30/22	\$ -	\$ -	\$ (19,855,898)	\$ -	\$ -	\$ -	\$ -	\$ 19,855,898
Special Aid - State Share - Charter School Aid	22-495-034-5120-083	820,500	7/1/21	6/30/22	-	-	(820,500)	-	-	-	-	820,500
Security Aid	22-495-034-5120-084	798,220	7/1/21	6/30/22	-	-	(798,220)	-	-	-	-	798,220
Total State Aid - Public Cluster												
							(21,484,618)					21,484,618
Other General Funds:												
On-Behalf TPAF Post-Retirement Medical Contribution	22-495-034-5094-001	697,345	7/1/21	6/30/22			(697,345)					697,345
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	2,984,693	7/1/21	6/30/22			(2,984,693)					2,984,693
Reimbursed TPAF - Social Security	22-495-034-5094-003	635,608	7/1/21	6/30/22	(90,091)		(635,608)	(61,791)				635,608
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	3,027	7/1/21	6/30/22	(30,091)		(3,027)					3,027
Total Other General Funds					(120,182)		(4,320,673)	(61,791)				4,320,673
Total General Fund					(30,091)		(25,805,291)	(31,791)				25,805,291
State Department of Agriculture												
Enterprise Fund:												
National School Lunch Program (State Share)	22-100-010-3350-023	22,907	7/1/21	6/30/22	(3,190)		(22,907)	(1,284)				22,907
National School Lunch Program (State Share)	21-100-010-3350-023	18,284	7/1/20	6/30/21	(3,190)		(22,907)	(1,284)				22,907
Total Enterprise Fund					(6,380)		(45,814)	(2,568)				45,814
Total State Financial Assistance					(9,471)		(71,615)	(3,859)				71,615
State Financial Assistance Not Subject to Major Program Determination:												
General Fund:												
On-Behalf TPAF Post-Retirement Medical Contrib	22-495-034-5094-001	697,345	7/1/21	6/30/22			(697,345)					697,345
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	2,984,693	7/1/21	6/30/22			(2,984,693)					2,984,693
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	3,027	7/1/21	6/30/22			(3,027)					3,027
Total On-Behalf TPAF Pension System Contributions							(3,685,065)					(3,685,065)
Total State Financial Assistance Subject to Major Program Determination					(9,471)		(71,615)	(3,859)				71,615

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
June 30, 2022

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
June 30, 2022

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is none for the general fund and \$370,333 for the special revenue fund. See Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the board's basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ 60,287	\$ 25,805,291	\$ 25,865,578
Special Revenue Fund	4,349,520	128,041	4,477,561
Food Service Fund	1,363,963	22,907	1,386,870
Total Awards & Financial Assistance	\$ 5,773,770	\$ 25,956,239	\$ 31,730,009

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Paterson Charter School for Science and Technology has no loan balances outstanding at June 30, 2022.

NOTE 6. OTHER

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2022

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

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

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in the Uniform Guidance; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the Charter School.

Program	Total
Title I, Part A: <i>Grants to Local Education Agencies</i>	\$ 914,799
Title II, Part A: <i>Improving Teacher Quality State Grants</i>	103,088
Title III: <i>English Language Acquisition State Grants</i>	11,028
Total	\$ 1,028,915

NOTE 9. DE MINIMIS INDIRECT COSTS RATE

The Charter School did not elect to use the 10% de minimis indirect cost rate as allowed by the Uniform Guidance.

NOTE 10. MAJOR PROGRAMS

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? _____ Yes X No

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

Noncompliance material to basic financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

1) Material weakness(es) identified? _____ Yes X No

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

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? _____ Yes X No

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
<u>84.010</u>	<u>Title I Part A</u>
<u>84.010</u>	<u>Title I Reallocated</u>
<u>84.425D</u>	<u>CARES Emergency Relief Grants</u>
<u>10.553</u>	<u>CHILD NUTRITION PROGRAM CLUSTER: School Breakfast Program</u>
<u>10.555</u>	<u>National School Lunch Program – Cash Assistance</u>
<u>10.555</u>	<u>National School Lunch Program – Commodities</u>

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

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section I – Summary of Auditor's Results (Continued)

State Awards

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

Auditee qualified as low-risk auditee? X Yes No

Internal control over major programs:

1) Material weakness(es) identified? Yes X No

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

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

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

Identification of major state programs:

GMIS Number(s)	Name of State Program
	STATE AID – PUBLIC CLUSTER
<u>22-495-034-5120-078</u>	<u>Equalization Aid-State Share-Charter School Aid</u>
<u>22-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>22-495-034-5120-084</u>	<u>Security Aid</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section II – Financial Statement Findings – N/A

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting..

Finding

There were no matters reported.

***Section III – Schedule of Federal and State Award
Findings and Questioned Costs As Prepared By Management***

This section identifies audit findings required to be reported by Title 2 CFR 200 Section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and NJ OMB Circular Letter 15-08, as applicable.

FEDERAL AWARDS

Findings

There were no matters reported.

STATE AWARDS

Findings

There were no matters reported.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Summary Schedule of Prior Year Audit Findings
And Questioned Costs As Prepared by Management
For the Fiscal Year Ended June 30, 2022

STATUS OF PRIOR-YEAR FINDINGS – N/A

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, *USOMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (511 (a)(b)) and NJ Circular 04-04-OMB and/or 15-08-OMB, as applicable.

Findings

There were no matters reported.