

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
OF THE
COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
OF NEW JERSEY**

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
JUNE 30, 2022
TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal	1
Roster of Trustees and Officers.....	5
Consultants and Advisors.....	6

FINANCIAL SECTION

Independent Auditor's Report on General Purpose Financial Statements and Supplementary Schedule of Expenditures of Federal Awards and State Financial Assistance	7
Required Supplementary Information - Part I Management's Discussion and Analysis	11

Basic Financial Statements:

A. School-wide Financial Statements

A-1 Statement of Net Position	22
A-2 Statement of Activities	23

B. Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet.....	24
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances.....	25
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	26

Proprietary Funds:

B-4 Statement of Net Position	27
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	28
B-6 Statement of Cash Flows	29

Fiduciary Funds:

B-7 Statement of Fiduciary Net Position – Not Applicable	30
B-8 Statement of Changes in Fiduciary Net Position – Not Applicable	31

Notes to Financial Statements	32
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Required Supplementary Information - Part II

C. Budgetary Comparison Schedules:

C-1 Budgetary Comparison Schedule General Fund	67
C-2 Budgetary Comparison Schedule Special Revenue Fund	70

Notes to Required Supplementary Information:

C-3 Budget to GAAP Reconciliation.....	72
--	----

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
JUNE 30, 2022
TABLE OF CONTENTS

Required Supplementary Information - Part III

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68):

L-1	Schedule of the Charter School’s Proportionate Share of the Net Pension Liability-PERS	73
L-2	Schedule of Charter School Contributions – PERS	74
L-3	Schedule of the Charter School Proportionate Share of the Net Pension Liability-TPAF – Not Applicable	75
L-4	Notes to Required Supplementary Information Pension Schedules	76
M-1	Schedule of Changes in the State’s Total OPEB Liability and Related Ratios	77

Other Supplementary Information

E. Special Revenue Fund:

E-1	Combining Schedule of Program Revenues and Expenditures, Special Revenue Fund - Budgetary Basis	78
E-2	Schedule of Preschool Education aid Budgetary Basis – Not Applicable	78

G. Proprietary Funds:

Enterprise Fund:

G-1	Combining Statement of Net Position	79
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	80
G-3	Combining Statement of Cash Flows	81

Fiduciary Funds:

H-1	Combining Statement of Fiduciary Net Position – Not Applicable	82
H-2	Combining Statement of Changes in Fiduciary Net Position – Not Applicable	83
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements – Not Applicable	84
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements – Not Applicable	85
H-5	Unemployment Compensation Insurance Trust Fund – Not Applicable	86

J. Financial Trends:

J-1	Net Position by Component	87
J-2	Changes in Net Position	88
J-3	Fund Balances – Governmental Funds	89
J-4	Changes in Fund Balances – Governmental funds	90

J. Revenue Capacity:

J-5	General Fund - Other Local Revenue by Source	91
J-6	Assessed Value and Actual Value of Taxable Property – Not Applicable	92
J-7	Direct and Overlapping Properties – Not Applicable	93
J-8	Principal Property Taxpayers – Not Applicable	94

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
JUNE 30, 2022
TABLE OF CONTENTS

J. Debt Capacity:

J-9	Property Tax Levies and Collections – Not Applicable	95
J-10	Ratios of Outstanding Debt by Type – Not Applicable	96
J-11	Ratios of Net General Bonded Debt Outstanding – Not Applicable	97
J-12	Direct and Overlapping Governmental Activities Debt – Not Applicable	98

J. Demographic and Economic Information:

J-13	Legal Debt Margin Information – Not Applicable	99
J-14	Demographic and Economic Statistics – Not Applicable	100

J. Operating Information:

J-15	Principal Employers – Not Applicable	101
J-16	Full Time Equivalent Charter School Employees by Function/Program	102
J-17	Operating Statistics	103
J-18	School Building Information	104
J-19	General Fund-Schedule of Required Maintenance – Not Applicable	105
J-20	Insurance Schedule	106

J. Charter School Performance Framework Financial Indicators:

J-21	Near Term Indicators	107
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SINGLE AUDIT SECTION K.

K-1	Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	108
K-2	Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with The Uniform Guidance and New Jersey OMB Circular letter 15-08	110
K-3	Schedule of Expenditures of Federal Awards, Schedule A	113
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	114
K-5	Notes to the Schedule of Awards and Financial Assistance	115
K-6	Schedule of Finding and Questioned Costs	
	Section I – Summary of Auditor’s Results	117
	Section II – Financial Statement Findings	119
	Section III – Federal Awards and State Financial Findings and Questioned Costs	120
K-7	Summary Schedule of Prior Audit Findings.....	121



March 8, 2023

Commissioner
New Jersey Department of Education
100 Riverview Executive Plaza
CN 500
Trenton, NJ 08625

Dear Commissioner:

The Annual Comprehensive Financial Report of the College Achieve Paterson Charter School for the fiscal period 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 school. To the best of our knowledge and belief, the data presented in this report are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the school. All disclosures necessary to enable the reader to gain an understanding of the school's financial activities have been included.

The Annual Comprehensive Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter and list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report. The statistical section includes audited data from the school's first six fiscal years. The school is required to undergo an annual single audit in conformity with the requirements of 2 CFR 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (U.S. Uniform Guidance), "Audits of State and Local Governments and Non-Profit Organizations," and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws and regulations and findings and recommendations is included in the single audit section of this report.

- 1) **REPORTING ENTITY AND ITS SERVICES** The College Achieve Paterson Charter School constitutes an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds and account groups of the entity are included in this report.

2) **ENROLLMENT OUTLOOK:** College Achieve Paterson Charter School opened in 2017 serving 276 scholars grades K, 1st, 5th and 6th. College Achieve has grown since then to 1172 scholars in grades K-10 and plans to grow one grade per year until fully enrolled as a K-12 school with 1,925 scholars.

3) **MAJOR ACCOMPLISHMENTS**

College Achieve Paterson Charter School opened in 2017. Since then we have grown significantly and are most proud about the following accomplishments:

- College Achieve Paterson is the only K-8 school in Paterson that showed growth in both ELA in Math relative to 2018-19 on the NJSLA.
- College Achieve Paterson added three grade levels and 700 students over the same time period from 18-19 to 22-23.
- College Achieve Paterson is in the 92nd percentile for performance in ELA and 89th percentile for math statewide out of more than 2,100 schools with data.
- Of schools in Paterson showing growth since 2018-19, College Achieve Paterson achieved the highest proficiency rates, outperforming all other growth schools by nearly 10 points in ELA and math.
- College Achieve Paterson was the highest-performing growth school in Paterson in both ELA and math.

4) **INTERNAL ACCOUNTING CONTROLS:** Management of the Charter School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the 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 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 school also is responsible for ensuring that an adequate 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 management.

As part of the 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 school has complied with applicable laws and regulations.

5) **BUDGETARY CONTROLS:** In addition to internal accounting controls, the school maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the school and the State of New Jersey. Annual appropriated budgets are adopted for the general fund

and the special revenue fund. The final budget amount as amended for the fiscal period 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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balances at June 30, 2022.

6) ACCOUNTING SYSTEM AND REPORTS: The Charter Schools’ accounting records reflect generally accepted accounting principles, as promulgated by the Government Accounting Standards Board (GASB). The accounting system of the school is organized on the basis of funds and account groups. These funds and account groups are explained in “Notes to the Financial Statements,” Note 1.

7) FINANCIAL INFORMATION AT FISCAL PERIOD–END: As demonstrated by the various statements and schedules included in the financial section of report, the school has met its responsibility for sound financial management. The following schedule presents a summary of the General, Special Revenue and Proprietary Funds for the fiscal period ended June 30, 2022.

Revenue	Amount	Percent of Total
Local and State Aid	\$20,507,360	80%
Special Revenue Fund	4,404,331	17%
Misc.	69,828	0%
Proprietary Fund	754,975	3%
Total	\$25,736,494	100%

The following schedule presents a summary of the General, Special Revenue and Proprietary Funds expenditures for the fiscal period ended June 30, 2022.

Expenditures	Amount	Percent of Total
General Fund	\$17,991,797	78%
Special Revenue Fund	4,404,331	19%
Proprietary Fund	770,957	3%
Total	\$23,167,085	100%

8) CASH MANAGEMENT: The investment policy of the school is guided in large part by the state Statute as detailed in “Notes to the Financial Statements,” Note 2. The school had adopted a cash management plan, which requires it to deposit public 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 Governmental Units from a loss of funds on deposit with failed banking institutions in New Jersey. The law requires governmental units to deposit funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) **RISK MANAGEMENT:** The school carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, and hazard and theft insurance on property and contents.

10) **OTHER INFORMATION:**

Independent Audit – State statutes require an annual audit by an Independent Certified Public Accountant or Registered Municipal Accountant. The Accounting firm of Gerald D. Longo, CPA was selected by the Charter School.

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

The auditor's report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

Respectfully submitted,



Dr. Brian Falkowski
School Business Administrator

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL

**ROSTER OF TRUSTEES
JUNE 30, 2022**

<u>BOARD OF TRUSTEES</u>	<u>TERM EXPIRES</u>
Dr. Samuel Johnson, President	6/2024
Roger Grutzmacher	5/2022
Kenyatta Stewart	4/2024
Jerry Walker	6/2024
Kyona Best	8/2023
Dr. Brian Falkowski, School Business Administrator	

CONSULTANTS AND ADVISORS
June 30, 2022

AUDIT FIRM

Gerald D. Longo, CPA
62 Old Queens Blvd.
Manalapan, NJ 07726-3648

ATTORNEYS

Thomas O. Johnston, Esq.
Johnston Law Firm LLC
151 Forest Street, Suite A
Montclair, New Jersey 07042

OFFICIAL DEPOSITORY

PNC Bank
Pittsburgh, PA 15230

FINANCIAL SECTION

GERALD D. LONGO
CERTIFIED PUBLIC ACCOUNTANT
62 OLD QUEENS BLVD.
MANALAPAN, NEW JERSEY 07726-3648

TELEPHONE
732 446-4768

FAX
732 792-0868

Independent Auditor's Report

The Honorable Chairman and
Members of the Board of Trustees
College Achieve Paterson Charter School
County of Passaic
Paterson, New Jersey

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the College Achieve Paterson Charter School, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College Achieve Paterson Charter School's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the College Achieve Paterson Charter School as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As discussed in the Notes to the financial statements, the College Achieve Paterson Charter School adopted the provisions of Governmental Accounting Standards Board Statement 87, Leases, effective July 1, 2021. My opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Specifications will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Specifications, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College Achieve Paterson Charter School's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College Achieve Paterson Charter School's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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; the schedules related to accounting and reporting for Pensions and Post-Retirement Benefits and the other required supplementary information and notes to the required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College Achieve Paterson Charter School's basic financial statements. The accompanying Other Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

The combining fund financial statements and schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic

financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.

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 my auditor's report thereon. My opinions on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my 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, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated March 8, 2023, on my consideration of the College Achieve Paterson Charter School's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College Achieve Paterson Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the College Achieve Paterson Charter School's internal control over financial reporting and compliance.

Licensed Public School Accountant No. 20CS00206400



Gerald D. Longo
Certified Public Accountant
March 8, 2023

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)

This section of College Achieve Paterson Charter School's annual financial report presents its discussion and analysis of the Board's financial performance during the fiscal period that ended on June 30, 2022. Please read it in conjunction with the transmittal letter at the front of this report and the Board's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2021-22 fiscal period include the following:

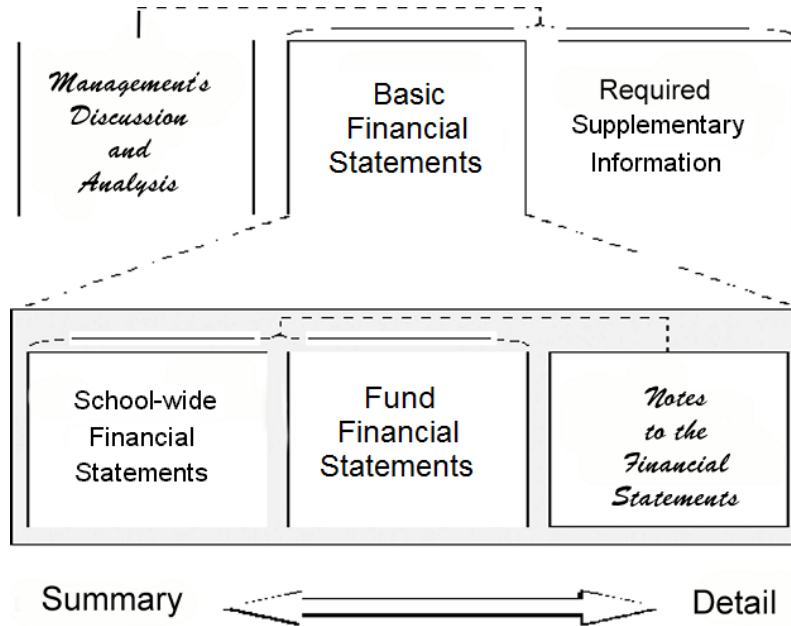
- Total Net Position School Wide was \$5,615,722.
- The unassigned General Fund balance at June 30, 2022 is \$6,290,745 and Enterprise Fund balance is \$84,880.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information that includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the College Achieve Paterson Charter School.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)

Figure A-1. Required Components of the Board's Annual Financial Report



- The first two statements are school-wide financial statements that provide both short-term and long-term information about the College Achieve Paterson Charter School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the College Achieve Paterson Charter School, reporting the College Achieve Paterson Charter School's operation in more detail than the school-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the Food Service activities. College Achieve Paterson Charter School does not operate a food service.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)

The financial statements also include notes that explain some of the information in the statements and provide data that are more detailed. Figure A-1 summarizes the major features of the College Achieve Paterson Charter School’s financial statements, including the portion of the College Achieve Paterson Charter School’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 - Major Features of the School-wide and Financial Statements

	<u>School-wide Statements</u>	<u>Fund Financial Statements</u>	
		Governmental Funds	Proprietary Funds
Scope	Entire school (except fiduciary funds)	The activities of the College Achieve Paterson Charter School that are for the school operations and not proprietary or fiduciary, such as teachers' salaries, special education and building maintenance, food service, and community education	Activities the College Achieve Paterson Charter School operates similar to private businesses: Internal service fund
Required financial statements	Statement of net position	Balance sheet	Statement of net position
	Statement of activities	Statement of revenue expenditures and changes in fund balances	Statement of revenue, expenses, and changes in fund net position
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Statement of cash flows Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/out flow information	All revenues and expenses during 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

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)

School-wide Statements

The school-wide statements report information about the College Achieve Paterson Charter School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the College Achieve Paterson Charter School's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two school-wide statements report the College Achieve Paterson Charter School's net position and how they have changed. Net position – the difference between the College Achieve Paterson Charter School's assets and liabilities – are one way to measure the College Achieve Paterson Charter School's financial health or position.

In the school-wide financial statements, the College Achieve Paterson Charter School's activities are shown in two categories:

- *Governmental activities*- Most of the College Achieve Paterson Charter School's basic services are included here, such as regular and special education, transportation, administration, and community education. Property taxes and state aid finance most of these activities.
- *Business-type activities*- This is not applicable to College Achieve Paterson Charter School.

Fund Financial Statements

The fund financial statements provide more detailed information about the College Achieve Paterson Charter School's funds – focusing on its most significant or "major" funds – not the College Achieve Paterson Charter School as a whole.

Funds are accounting devices the College Achieve Paterson Charter School uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.

The College Achieve Paterson Charter School uses other funds, established in accordance with the State of New Jersey Uniform Chart, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)**

The College Achieve Paterson Charter School has two kinds of funds:

- **Governmental funds-** Most of the College Achieve Paterson Charter School’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the College Achieve Paterson Charter School’s programs. Because this information does not encompass the additional long-term focus of the school-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- **Proprietary funds-** Services for which the College Achieve Paterson Charter School charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the school-wide statements.

FINANCIAL ANALYSIS OF THE COLLEGE ACHIEVE PATERSON CHARTER SCHOOL AS A WHOLE

Net position. The College Achieve Paterson Charter School’s net position School Wide is \$5,615,722 as of June 30, 2022. (See Table A-1).

Governmental	\$5,530,842
Enterprise	84,880
Total	\$5,615,722

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)

The College Achieve Paterson Charter School's financial position is the product of these factors:

- Special Revenue Fund – Federal/State Aid Revenues and Expenditures were \$4,404,331.
- General Fund Revenues were \$20,577,188.
- General Fund Expenditures were \$17,991,797.

Table A-1
COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Net Position - School Wide
As of June 30, 2022

	<u>Total</u>
Current and Other Assets	\$7,003,285
Deferred outflows of resources - Pension	1,387,766 -
Right to Use Assets, Net	34,087,730
Invested In Capital Assets, Net	<u>377,782</u>
Total Assets	<u>\$42,856,563</u>
Current, Other Liabilities and DFD Pension In Flows and DFD Pension In Flows	\$2,540,128
Lease liabilities - Long Term	<u>34,700,713</u>
Total Liabilities	<u>\$37,240,841</u>
Net Assets:	
Invested In Capital Assets, Net	(\$235,201)
Unrestricted Net Position	<u>5,850,923</u>
Total Net Position	<u>\$5,615,722</u>
 Total Liabilities and Net Position	 <u>\$42,856,563</u>
Fund Balance - June 30, 2022	\$6,375,625
Invested In Capital Assets, Net	377,782
Amortization expense over principal payments on leases	<u>(612,983)</u>
Net Position before Pension Adjustment	6,140,424
Less: Pension Adjustment	<u>(524,702)</u>
Net Position - June 30, 2022	<u>\$5,615,722</u>

Total Governmental and Business Activities revenues & beginning assets are adjusted by net adjusted expenditures resulting in a calculation of net position of \$5,615,722 as of June 30, 2022.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)

Table A-2
COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Changes in Net Position - School Wide
For the Fiscal Year Ended June 30, 2022

Revenues	Total
Program revenues	
Charges for services	\$ -
Operating grants and contributions	-
General revenues	
Local Share	-
Federal and State Aid-Unrestricted	20,507,360
Federal Aid-Restricted	4,404,331
Other	69,828
Proprietary Fund	754,975
Increase in Capital Outlay	(370,061)
Total revenues	\$ 25,366,433
Expenses	
Regular Instruction	(11,265,722)
General Administrative	(6,097,710)
School Administrative	(3,344,603)
On-behalf TPAF/Social Security	(1,684,701)
Capital Outlay	(3,392)
Proprietary Fund	(770,957)
Total Expenses	(23,167,085)
Increase in net position before Pension Adjustment	2,199,348
Pension Adjustment	(126,426)
Net Position, Beginning of Year July 1, 2021	3,542,800
Net Position, End of Year, June 30, 2022	<u>5,615,722</u>
Increase in Fund Balance	\$ 2,569,409
Increase in Net Capital Outlay	242,922
Amortization expense over principal payments on leases	(612,983)
Net Increase in Net Position	<u>2,199,348</u>
Net Position - Beginning July 1, 2021	<u>3,542,800</u>
Net Position - Before Pension Adjustment	5,742,148
Less Pension adjustment net	(126,426)
Net Position - End of Year June 30, 2022	<u>\$ 5,615,722</u>

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)**

Table A-3 (See Exhibit A-2)
COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Total and Net Cost of Services - School Wide
For the Fiscal Year Ended June 30, 2022

<u>Functions/Programs</u>	<u>Source</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
School Wide			
Instruction			
Regular	B-2	\$ 11,265,722	\$ 7,662,931
Support Services			
General Administrative Services	B-2	6,097,710	5,296,170
School Administrative Services	B-2	3,344,603	3,344,603
On-behalf TPAF Social Security	B-2	1,684,701	1,684,701
Capital Outlay	B-2	3,392	3,392
Total School Wide Activities		<u>\$ 22,396,128</u>	<u>\$ 17,991,797</u>

FINANCIAL ANALYSIS OF THE COLLEGE ACHIEVE PATERSON CHARTER SCHOOL FUNDS

The financial performance of the College Achieve Paterson Charter School as a whole is reflected in its School Wide activities Exhibit A-2. As the College Achieve Paterson Charter School completed the year, its general fund reported an unassigned balance of \$6,290,745.

Revenues for the College Achieve Paterson Charter School’s governmental funds were \$24,981,519 while total expenses were \$22,396,128. (Table A-4) (Exhibit B-2)

GENERAL FUND

The General Fund includes the primary operations of the College Achieve Paterson Charter School in providing educational services to students for K-10.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)

The following schedule presents a summary of Revenues – School Wide.

Table A-4 (See Exhibit B-2)
COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Changes in Revenues - School Wide
For the Fiscal Year Ended June 30

Revenues	Year Ended 06/30/2022	Year Ended 06/30/2021	Amount of Increase (Decrease)
Local Sources:			
Local Share	\$ -	\$ -	\$ -
Other Local Revenue -	69,828	646,042	\$ (576,214)
Total Local Sources	\$ 69,828	\$ 646,042	\$ (576,214)
Other Sources			
State/Local Sources	\$ 20,507,360	\$ 14,942,781	\$ 5,564,579
Proprietary Fund	754,975	100,854	\$ 281,321
Federal Sources	4,404,331	963,030	\$ 3,441,301
Total Intergovernmental Sources	25,666,666	16,006,665	\$ 9,660,001
Total Revenues	\$ 25,736,494	\$ 16,652,707	\$ 9,083,787

The following schedule presents a summary of Expenditures – School Wide.

Table A-5 (See Exhibit B-2)
COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Changes in Expenditures - School Wide
For the Fiscal Year Ended June 30

Expenditures	Year Ended 06/30/2022	Year Ended 06/30/2021	Amount of Increase (Decrease)
Current:			
Regular Instruction	\$ 11,265,722	\$ 7,161,200	\$ 4,104,522
General Administrative Services	6,097,710	3,678,664	\$ 2,419,046
School Administration	3,344,603	3,005,633	\$ 338,970
On-behalf TPAF/Social Security	1,684,701	859,428	\$ 825,273
Capital outlay	3,392	135,349	\$ (131,957)
Proprietary Fund	770,957	89,508	\$ 681,449
Total Expenditures	\$ 23,167,085	\$ 14,929,782	\$ 8,237,303

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)**

UNRESERVED-UNDESIGNATED FUND BALANCE AS A PERCENTAGE OF EXPENDITURES

The following table shows the unreserved unassigned fund balance.

**Table A-6
COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Fund Balance - School Wide
For the Fiscal Years Ended June 30**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Unreserved Unassigned Fund Balance	\$6,375,625	\$3,806,216	\$2,083,289	\$893,344	\$13,172
Expenditures	\$23,167,085	\$14,929,782	\$10,565,406	\$6,696,488	\$3,628,871
Percentages	27.50%	25.50%	19.70%	13.30%	0.40%

The College Achieve Paterson Charter School values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during the school year. The unreserved unassigned fund balance designated to support the subsequent years budget is \$6,375,625 for the 2022-23 school year.

CAPTIAL ASSETS

**Table A-7
COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Changes in Capital Assets - School Wide
For the Fiscal Year Ended June 30, 2022**

Improvements	\$243,855
Equipment and Furniture	252,608
Total - General Fund	<u>\$496,463</u>
Less: Accumulated Depreciation	<u>(118,681)</u>
Total - Net Capital Assets General Fund	<u>\$377,782</u>
Right to-use- lease assets:	
Premise	\$35,089,900
Total	<u>\$35,089,900</u>
Less: Accumulated Amortization	<u>(1,002,570)</u>
Right to use assets, net	<u><u>\$34,087,330</u></u>

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)**

FACTORS BEARING ON THE SCHOOL'S FUTURE

While many factors influence the Charter School's future, the availability of State funding and the economy will have the most impact on educational and fiscal decisions in the future.

These and many other factors were considered by the Charter School's administration during the process of developing the fiscal year 2022-23 budget. The primary factors were the Charter School's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs. These indicators were considered when adopting the budget for fiscal year 2022-2023.

CONTACTING THE COLLEGE ACHIEVE PATERSON CHARTER SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the College Achieve Paterson Charter School's finances and to demonstrate the College Achieve Paterson Charter School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, College Achieve Paterson Charter School, 21 Market Street, Paterson, NJ 07501.

BASIC FINANCIAL STATEMENTS

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

SCHOOL-WIDE FINANCIAL STATEMENTS

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Net Position
As of June 30, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents - Unrestricted	\$ 2,894,920	\$ 21,229	\$ 2,916,149
Receivables	3,925,288	63,651	3,988,939
Security Deposit - Rental	98,197		98,197
Capital assets, net	377,782	-	377,782
Right-to-use lease assets-net	34,087,730		34,087,730
Total Assets	<u>41,383,917</u>	<u>84,880</u>	<u>41,468,797</u>
Deferred outflows of resources - Pension	1,387,766	-	1,387,766
Total assets and deferred outflows of resources	<u>\$ 42,771,683</u>	<u>\$ 84,880</u>	<u>\$ 42,856,563</u>
LIABILITIES			
Accounts payable - Operating	\$ 33,666	\$ -	\$ 33,666
Accounts payable - CAPS CMO Fee	296,339	-	296,339
Accounts payable - CACCS - Coop Health Ins	268,055		268,055
Deferred Revenue	29,600		29,600
Net Pension Liability - Long Term	1,175,752		1,175,752
Lease liabilities - Long Term	34,700,713		34,700,713
Total liabilities	<u>36,504,125</u>	<u>-</u>	<u>36,504,125</u>
Deferred inflows of resources - Pension	736,716	-	736,716
Total Liabilities and Deferred Inflows of Resources	<u>\$ 37,240,841</u>	<u>\$ -</u>	<u>\$ 37,240,841</u>
NET POSITION			
Invested in capital assets, net	(235,201)	-	(235,201)
Unrestricted	5,766,043	84,880	5,850,923
Total net position	<u>\$ 5,530,842</u>	<u>\$ 84,880</u>	<u>\$ 5,615,722</u>
Total liabilities, deferred inflows and net position	<u>\$ 42,771,683</u>	<u>\$ 84,880</u>	<u>\$ 42,856,563</u>
Fund Balance June 30, 2022 - B-1	\$ 6,290,745		
Right-to-use lease assets-net of accumulated depreciation	34,087,730		
Principal balance of lease liabilities	(34,700,713)		
Cost of capital assets net accumulated depreciation	377,782		
Net Position before pension adjustments	6,055,544		
Less pension adjustments net (Note 14) (Deficit)	(524,702)		
Total Net Position June 30, 2022	<u>\$ 5,530,842</u>		

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

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Activities
For the Fiscal Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities:						
Instruction:						
Regular	\$ (11,265,722)		\$ (3,602,791)		\$ (7,662,931)	\$ (7,662,931)
Support services:						0
General administratrion	(6,097,710)		(801,540)		(5,296,170)	(5,296,170)
School administrative services/ operations plant se	(3,344,603)				(3,344,603)	(3,344,603)
On - behalf TPAF/Social Security	(1,684,701)				(1,684,701)	(1,684,701)
Capital Outlay	(3,392)				(3,392)	(3,392)
Total governmental activities	<u>(22,396,128)</u>		<u>(4,404,331)</u>		<u>(17,991,797)</u>	<u>(17,991,797)</u>
Business-type activities:	<u>(770,957)</u>				<u>(770,957)</u>	<u>(770,957)</u>
Total business-type activities	<u>(770,957)</u>				<u>(770,957)</u>	<u>(770,957)</u>
Total primary government	<u>\$ (23,167,085)</u>	<u>\$ 0</u>	<u>\$ (4,404,331)</u>		<u>\$ (17,991,797)</u>	<u>\$ (18,762,754)</u>
General revenues:						
Local Share				\$ -		\$ -
State Share				17,777,771	12,864	17,790,635
State and Federal Aid				2,729,589	697,906	3,427,495
Other State Grants					44,205	44,205
Miscellaneous Income				69,828		69,828
Increase in capital assets				242,922		242,922
Total General Revenues, Special Items,				<u>20,820,110</u>	<u>754,975</u>	<u>21,575,085</u>
Change in Net Position - Increase before Pension Adjustment				<u>2,828,313</u>	<u>(15,982)</u>	<u>2,812,331</u>
Amortization expense over principal payments of leases				(612,983)		(612,983)
Net Increase in Pension Adjustment (Decrease)				<u>(126,426)</u>		<u>(126,426)</u>
Change in Net Position				<u>2,088,904</u>	<u>(15,982)</u>	<u>2,072,922</u>
Net Position - July 1, 2021				<u>3,441,938</u>	<u>100,862</u>	<u>3,542,800</u>
Net Position - June 30, 2022				<u>\$ 5,530,842</u>	<u>\$ 84,880</u>	<u>\$ 5,615,722</u>

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

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Balance Sheet
Governmental Funds
As of June 30, 2022

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents - Unrestricted	\$ 2,894,920	\$ -	\$ 2,894,920
Interfund	3,658,344	(3,658,344)	-
Receivables	237,344	3,687,944	3,925,288
Security Deposit - Rental	98,197	-	98,197
Total assets	<u>\$ 6,888,805</u>	<u>\$ 29,600</u>	<u>\$ 6,918,405</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable - Operating	\$ 33,666	\$ -	\$ 33,666
Accounts payable - CAPS CMO Fee	296,339		296,339
Accounts payable - CACCS Co-op Health Ins	268,055		268,055
Deferred Revenue	0	29,600	29,600
Total liabilities	<u>598,060</u>	<u>29,600</u>	<u>627,660</u>
Fund Balances:			
Unreserved:			
Unassigned	6,290,745	0	6,290,745
Total Fund balances	<u>6,290,745</u>	<u>0</u>	<u>6,290,745</u>
Total liabilities and fund balances	<u>\$ 6,888,805</u>	<u>\$ 29,600</u>	<u>\$ 6,918,405</u>

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

Governmental Fund Balance June 30, 2022	\$ 6,290,745
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is and the accumulated depreciation	496,463 <u>(118,681)</u>
	<u>377,782</u>
Net position before pension adjustments	6,668,527
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore, are not reported in the fund statements. (See Note 5)	1,387,766
Deferred Inflows related to pension actuarial gains from experience and differences in actual returns and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 6)	(736,716)
Long-term liabilities, including net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 6)	(1,175,752)
Right -to-use assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$35,089,900 less the accumulated amortization (\$1,002,570) (see note 12)	34,087,730
Lease liabilities used in governmental activities are not financial resourced and therefore are not reported in the funds (see note 12)	<u>(34,700,713)</u>
Net position of governmental activities June 30, 2022	<u>\$ 5,530,842</u>

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

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Local Sources:			
State/Local Share	\$ 17,777,771		\$ 17,777,771
Miscellaneous	69,828	-	69,828
Total - Local Sources	17,847,599		17,847,599
State Sources	2,729,589	59,005	2,788,594
Federal Sources		4,345,326	4,345,326
Total Revenues	20,577,188	4,404,331	24,981,519
EXPENDITURES			
Current:			
Regular instruction	\$ 7,662,931	\$ 3,602,791	\$ 11,265,722
Support services- General Administrative	5,296,170	801,540	6,097,710
Support Services- School Admin/ operations plant serv	3,344,603		3,344,603
On-behalf TPAF/Social Security (Non Budgeted)	1,684,701		1,684,701
Capital outlay	3,392		3,392
Total Expenditures	17,991,797	4,404,331	22,396,128
Excess (Deficiency) of revenues over expenditures	2,585,391		2,585,391
OTHER FINANCING SOURCES (USES)			
Transfers in	-		-
Transfers out	-		-
Total other financing sources and uses	-		-
Net change in fund balances - Increase	2,585,391		2,585,391
Fund balance - July 1, 2021	3,705,354		3,705,354
Fund balance - June 30, 2022	\$ 6,290,745		\$ 6,290,745

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

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2022**

Total net change in fund balances - governmental funds (from B-2) \$ 2,585,391

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

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

	Depreciation expense	\$ (41,328)	
	Capital outlays	<u>284,250</u>	
			\$ 242,922

Amortization expense over principal payments on leases \$ (612,983)

Pension contributions are reported in governmental funds as expenditures; however, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. (126,426)

Change in net position of governmental activities (A-2) \$ 2,088,904

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

PROPRIETARY FUNDS

Exhibit B-4

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Net Position
Proprietary Fund
As of June 30, 2022

	Proprietary Fund Business-Type Activities Enterprise
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$21,229
Accounts Receivable	
Other	
Federal	62,516
State	1,135
Total Current Assets	<u>84,880</u>
Total Assets	<u><u>\$84,880</u></u>
LIABILITIES	
Total Current Liabilities	\$ <u> </u>
Net Position	
Unrestricted	<u>84,880</u>
Total Net Position	<u><u>\$84,880</u></u>

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

EXHIBIT B-5

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2022

	<u>Business Type Activities Enterprise Fund</u>
OPERATING REVENUES	
Daily Sales - Reimbursable Programs	
Additional Subsidy	\$236
Total Operating Revenues	<u>236</u>
OPERATING EXPENSES	
Salaries, wages and employee benefits	(244,943)
Supplies, Materials & Other	(441,758)
Rent and overhead	(84,256)
Total Operating Expenses	<u>(770,957)</u>
Income (Loss) From Operations	<u>(770,721)</u>
Nonoperating Revenues	
State Sources	
State Sources	12,864
Federal Sources	
School Breakfast Program	125,853
National School Lunch Program	547,037
National Snack Program	25,016
Emergent Grant	42,727
PEBT Grant	1,242
Board Subsidy	0
Total Nonoperating Revenues	<u>754,739</u>
Increase (Decrease) in Net Position before transfers	(15,982)
Total Net Position- Beginning of Year	<u>100,862</u>
Total Net Position- End of Year	<u>\$84,880</u>

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

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statements of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2022

	<u>Proprietary Fund Business-Type Activities</u>
Cash flows from operating activities	
Cash Received from Customers	\$0
Cash Received Other Grants	\$44,205
Cash Payments to Suppliers for Goods and Services	(\$441,758)
Cash Payments to Employee's Salaries and Benefits	(244,943)
Cash Payments to Rent and overhead	(\$84,256)
Net Cash (Used) by Operating Activities	<u>(726,752)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from General Fund Transfer (Contribution)	0
Cash Received from State and Federal Subsidy Reimbursements	660,732
Net Cash Provided by Noncapital Financing Activities	<u>660,732</u>
Cash Flows from Investing Activities	
Net Cash Provided by Investing Activities	<u>0</u>
Net Increase in Cash and Cash Equivalents	(66,020)
Cash and Cash Equivalents, Beginning of Year	87,249
Cash and Cash Equivalents, End of Year	<u><u>\$21,229</u></u>
Reconciliation of Operating Income to Net Cash	
Used by Operating Activities	
Operating Income	(\$15,980)
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities	
(Increase) Decrease in Accounts Receivable	(50,040)
Change in Assets and Liabilities	0
Total Adjustment	<u>(50,040)</u>
Net Cash Provided by (Used In) Operating Activities	<u><u>(\$66,020)</u></u>

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

FIDUCIARY FUNDS

Exhibit B-7

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2022**

NOT APPLICABLE

Exhibit B-8

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2022**

NOT APPLICABLE

NOTES TO THE BASIC FINANICAL STATEMENTS

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

1. DESCRIPTION OF THE CHARTER SCHOOL AND REPORTING ENTITY

College Achieve Paterson Charter School ("Charter School") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board of Trustees (the "Board") consists of appointed officials and are responsible for the fiscal control of the Charter School. A director is appointed by the Board and is the administrative control of the Charter School.

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

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School. Oversight responsibility includes financial interdependency, section 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 the Board exercises operating control. There were 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Basis of Presentation

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

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Government-Wide Statements

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

Fund Financial Statements

During the fiscal year, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Fund financial statements are designed to present financial information of the Charter School at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

The Charter School uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

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

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 noninstructional equipment that are classified in the Capital Outlay subfund.

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district 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 that 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 of the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Proprietary Funds

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

Enterprise Fund - The Enterprise Fund is utilized to account for operations that were 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 education basis be financed or recovered primarily through user charges; or, where the Charter School has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(net position) is segregated into invested in capital assets net of related debt and unrestricted net position, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Depreciation of fixed assets used by proprietary funds is charged as an expense against their operations.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the Charter School in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. As of June 30, 2022, there was no Fiduciary Fund due to the adoption of GASB Statement No. 84, Fiduciary Activities.

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

On the government-wide statements of net position and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet.

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

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

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

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

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of P.L 2004 c73 (S 1701).

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 accounting principles generally accepted in the United States of America (GAAP) with the exception of the 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. Exhibit C-3 represents

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a reconciliation of the General Fund revenues and Special Revenue Fund revenues and expenditures from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in Exhibit B-2.

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of P.L 2004 c73 (S 1701).

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Exhibit C-3 represents a reconciliation of the General Fund revenues and Special Revenue Fund revenues and expenditures from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in Exhibit B-2.

F. Encumbrances

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

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Open encumbrances in the special revenue fund, for which the Charter School has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end. There were \$0 of encumbrances at June 30, 2022. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

G. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, 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. 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 has adopted a cash management plan that requires it to deposit public 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 Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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 Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the 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.

H. Inventories and Prepaid Expenses

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

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

I. Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent 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.

J. Capital Assets

General Fund capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The Charter School maintains a capitalization threshold of \$2,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description of Capital Cost</u>	<u>Estimated Lives (Years)</u>
Right-of-use Assets	*
Furniture and Equipment	7
*Shorter of useful life or lease term (35 years)	

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities those, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, the noncurrent portion of compensated absences and mortgage payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Net Position/Fund Balance

School-Wide Statements

In the school-wide statements, there are three classes of net position:

- Invested 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. Also included in invested in capital assets are amounts the Charter School prepaid in advance of the work performed.
- Restricted Net Position - reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through 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 invested in capital assets or net position - restricted is classified as net position – unrestricted, which includes deferred inflows and outflows

Fund Balance and Equity

The Charter School follows GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (“GASB 54”), in establishing fund balance classifications that comprise a hierarchy based primarily on the extent to which government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds’ financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

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

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

M. Unearned/Deferred Revenue

Unearned/Deferred revenue in the special revenue fund represents cash that has been received but not yet earned.

N. Fund Equity

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

O. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

P. On-Behalf Payments

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

Q. Deferred Outflows/Inflows

Deferred amounts on net pension liability are reported in the school-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

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

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

type which arise only under the accrual basis of accounting that qualify for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the school-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

R. Compensated Absences

The Charter School accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. Charter School employees are granted varying amounts of vacation and sick leave in accordance with the Charter School's personnel policy. The Charter School's policy permits employees to accumulate unused sick and personal days and carry forward the full amount to subsequent years. Upon termination or upon retirement, employees are currently not paid for accrued vacation or unused sick and personal days.

As of June 30, 2022, Charter School-wide compensated absences amounted to \$-0-.

S. Fair Value of Financial Instruments

The Charter School follows the accounting and disclosure standards pertaining to GASB No. 72, Fair Value Measurement and Application, for qualifying assets and liabilities. Fair value is defined as the price that the Charter School would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants at the measurement date.

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

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

using the best information available about the assumptions that market participants would use when pricing an asset or liability.

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

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

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

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

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

T. Adoption of New Accounting Standard

GASB 84: Fiduciary Activities

During fiscal year 2021, the Charter School adopted GASB Statement No. 84, Fiduciary Activities (GASB 84). GASB 84 enhances the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Specifically, GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. As part of the adoption, the Charter School no longer considers activities in the Unemployment Fund Account, Payroll Agency Fund and Student activities as fiduciary activities applicable under GASB 84. As a result, the Charter School no longer presents a Statement of Fiduciary Net Position, and records payroll deductions and withholdings payable, unemployment activities in the General Fund in the Governmental Fund financial statements. Student activities are recorded in the Special Revenue Fund in the Governmental Fund financial statements.

In Fiscal Year 2022 the College Achieve Paterson Charter School implemented the following GASB Standards:

GASB 87: Leases

During fiscal year 2022, the Charter School adopted GASB Statement No. 87, Leases (GASB 87), which requires the Charter School to recognize intangible right-to-use lease assets and lease liabilities for its lessee agreements. The adoption of this GASB did not impact the Charter School's beginning net position for the fiscal year ended June 30, 2022.

The Charter School accounts for any lease with a term greater than one year in accordance with GASB 87. The lease terms are defined as the noncancellable period of any lease, plus any options to extend under such leases, when management is reasonably certain those options

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

will be exercised. Accordingly, the net present value of the estimated future minimum payments are reflected as a right-to-use lease asset and lease liability. The right-to-use lease assets will be recognized on a straight-line basis over the lesser of the life of the asset or the remaining lease period. The right-to-use lease assets related to the facility leases are being amortized over the term of each respective lease as follows:

School Premises 2 – 35 years

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Charter School's deposits might not be recovered. Although the Charter School does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Charter School in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the Charter School relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. As of June 30, 2022, the charter schools case balance was insured for \$250,000 by the FDIC and the remaining balance was subject to provisions of GUDPA.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money

As of June 30, 2022, the Charter School had no investments.

Market. Mutual Funds, bonds or other obligations of the Charter School or bonds or other obligations of the local unit or units within which the Charter School is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

4. RELATED PARTY TRANSACTIONS COLLEGE ACHIEVE PUBLIC CHARTERS SCHOOLS, INC.

Operating Leases

The Charter School has entered into three sublease agreements with College Achieve Public Charter Schools, Inc. in effect for school facilities on Oliver Street, 21 Market Street and 5 Colt

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

4. RELATED PARTY TRANSACTIONS COLLEGE ACHIEVE PUBLIC CHARTERS SCHOOLS, INC.
(continued)

Street in Paterson, New Jersey. Under these agreements, the Charter School paid \$1,689,740 per year in rent for the fiscal year ending June 30, 2022. This amounts to 10% above the amount paid by the sublandlord to the landlord. Total rental payments under this sublease for the fiscal year ended June 30, 2022. (See Note 15 – Rental Commitments)

Management Agreement

In June 2017, the Charter School entered into an educational management agreement with College Achieve Public Schools, Inc., (CAPS) a 501(c)(3) Non Profit Organization to manage the operation of the school for the period July 1, 2017 to June 30, 2018 (Initial Term) 2 years. The agreement can be extended for 5 additional terms of two years. The current term is effective through June 30, 2023. The Charter School will pay a management fee equal to 15.8% of the Charter's School total of Core State/Local Revenue plus Core Federal Revenue. The annual fee percentage is not applied to the revenues received from special programs such as the school lunch program funding. during the contract term. The management fee for year ending June 30, 2022 amounted to \$3,285,923. Included in the General Fund is \$296,339 owed to CAPS for the management fee.

Issuance of Series 2022 Bonds by CAPS 21 Market LLC

College Achieve Paterson Charter School is managed by College Achieve Public Charter Schools, Inc. ("CAPS" or the "Manager"), a 501(c)(3) nonprofit charter management organization. CAPS is not an affiliate of the School and there is no overlap in board governance between CAPS and the School.

CAPS is the sole member of CAPS 21 Market LLC (the "Borrower"), a New Jersey limited liability company created in June 2022. The Borrower will use the proceeds in the approximate amount of \$15,900,000 of the Series 2022 Bonds to acquire the existing CAPS Paterson school facility located at 21 Market Street, Paterson, New Jersey (Block 4609, Lots 11 and 11.01) (the "Market Street Campus") and will lease the Market Street Campus to the School for continued operation as a charter public school.

The Borrower is the obligee of the Series 2022 Bonds and is the only entity directly obligated to make payments with respect to the Series 2022 Bonds. The Series 2022 Bonds are payable solely from payments to be made by the Borrower pursuant to the Loan Agreement, which payments, in tum, are to be derived from Lease Payments required to be made by the School pursuant to the Lease Agreement. CAPS Paterson is managed by CAPS and CAPS is the sole member of the Borrower. However, CAPS is not obligated to make payments with respect to the Series 2022 Bonds, is not required to pledge any revenues for the payment of the Series 2022 Bonds and is not an obligated party under the Master Trust Indenture. However, CAPS is subordinating its management fee payable by CAPS Paterson to payment of debt service on the

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

4. RELATED PARTY TRANSACTIONS COLLEGE ACHIEVE PUBLIC CHARTERS SCHOOLS, INC.
(continued)

Series 2022 Bonds by directing CAPS Paterson to pay the management fee to the Master Trustee for release to CAPS only after payment in full of debt service on the Series 2022 Bonds.

Accounts Payable - General Fund are the following amounts due to another charter school for amounts advanced for Health Insurance CO-OP payment health insurance premiums:

College Achieve Central Charter School	\$268,055
Total	\$268,055

5 PENSION PLANS

Description of Plans - Substantially all of the employees of the School are covered by either the Public Employee’s Retirement System or the Teacher’s Pension and Annuity Fund (both of which are contributory defined benefits plans). Both were established by state statute and are administered by the New Jersey Division of Pension and Benefit (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirements System and the Teacher’s Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers’ Pension and Annuity Fund (TPAF) - The Teachers’ Pension and Annuity Fund was established as of January 1,1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirements health care to substantially all full time certified teachers or professional staff of the public school systems in the State. The Teachers’ Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the School and the systems other related non-contributing employers.

Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

5 PENSION PLANS (continued)

Public Employees' Retirement System (PERS) - The public Employees' Retirement Systems (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county municipality, School, or public agency provided the employee is not a member of another state-administered retirement system.

The public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State of New Jersey or any county, municipality, School, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

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

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A 43:15a and 43:03B and N.J.S.A. 18A: for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirements benefits for age and service are available at age 55 and are generally determine to be 1/55 of the final average salary for each year of service credit as defined.

Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

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

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

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

5 PENSION PLANS (continued)

Significant Legislation - Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Pension Plan Design Changes - Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes - Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF.

The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2019 for PERS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Contribution Requirements

The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2001, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits, and post-retirement medical premiums. Under current statute the School is a non-contributing employer of TPAF (i.e., the State of New Jersey makes the employer contribution on behalf of public school districts and Schools).

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

5 PENSION PLANS (continued)

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

The School's contribution to PERS for the year ended June 30, 2021 was \$116,232.

In accordance with N.J.S.A 18A:66-66 the School recorded as revenue for the year ended June 30, 2022 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries in the amount of \$318,391. Also the State paid \$1,366,310 into the TPAF pension representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium Contributions for the School. These amounts have been included in the school wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

6 PENSION PLANS – GASB 68 DISCLOSURES

Teachers' Pension and Annuity Fund (TPAF)

Summary of Significant Accounting Policies

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

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

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

6 PENSION PLANS – GASB 68 DISCLOSURES (continued)

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

The employer contributions for the Charter School are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the Charter School (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non- employer contributing entity. Since the Charter School (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Charter School. However, the state's portion of the net pension liability that was associated with the Charter School was \$7,620,728 as measured on June 30, 2021 and \$5,981,109 as measured on June 30, 2020.

For the year ended June 30, 2022, the Charter School recognized pension expense of \$179,319 and revenue of \$179,319 for support provided by the State. The measurement period for the pension expense and revenue reported in the Charter School's financial statements (A-2) at June 30, 2022 is based upon changes in the collective net pension liability with a measurement period of June 30, 2021 through June 30, 2020. Accordingly, the pension expense and the related revenue associated with the support provided by the State are based upon the changes in the collective net pension liability between July 1, 2020 and June 30, 2021.

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

The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Collective deferred outflows of resources	\$9,458,881,999	\$ 6,230,825,389
Collective deferred inflows of resources	\$14,424,322,612	\$27,221,092,460
Collective net pension liability (Non-employer - State of New Jersey)	\$ 65,848,796,740	\$48,165,991,182
State's portion of the net pension liability that was associated with the Charter School	\$5,981,109	\$7,620,728
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	.009083%	.015852%

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

6 PENSION PLANS – GASB 68 DISCLOSURES (continued)

Actuarial Assumptions

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

Inflation (Price):	2.75%
Inflation (Wage):	3.25%
Salary Increases: 2011-2026	1.55 - 4.45% based on years of service
Salary Increases: Thereafter	2.75 - 5.65% based on years of service
Investment Rate of Return:	7%

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. Postretirement 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-2020.

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits. The long term expected of return was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF’s target asset allocation as of June 30, 2021, are summarized in the following table:

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

6 PENSION PLANS – GASB 68 DISCLOSURES (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
US equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real estate	8.00%	9.15%
Real assets	3.00%	7.40%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers 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.

Sensitivity of the of the Net Pension Liability to Changes in the Discount Rate

<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
\$56,988,413,045	\$48,165,991,182	\$40,755,711,188

Pension Plan Fiduciary Net Position

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

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

6 PENSION PLANS – GASB 68 DISCLOSURES (continued)

Public Employees’ Retirement System (PERS)

Summary of Significant Accounting Policies

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

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

At June 30, 2022, the Charter School reported a liability of \$1,175,752 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 was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021.

The Charter School’s proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2021. At June 30, 2021, the Charter School’s proportion was .009924%.

For the year ended June 30, 2022, the Charter School recognized pension expense of \$268,235. At June 30, 2022, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,543	\$ 8,417
Changes of assumptions	6,123	
Net difference between projected and actual earnings on pension plan investments	0	418,575
Changes in proportion and differences between Charter School contributions and proportionate share of contributions	1,246,868	309,724
Charter School contributions subsequent to the measurement date.	116,232	-0-
Total	\$1,387,766	\$736,716

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

6 PENSION PLANS – GASB 68 DISCLOSURES (continued)

The Charter School reported \$116,232 as deferred outflows of resources related to pensions resulting from school Charter School contributions subsequent to the measurement date (i.e. for the school year ended June 30, 2022, the plan measurement date was June 30, 2021) will be recognized as a reduction of the net pension liability measured as of June 30, 2022.

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

	<u>Year Ended June 30:</u>
2022	(277,426)
2023	(198,082)
2024	(135,058)
2025	(101,523)
2026	<u>39</u>
Total:	<u>(\$712,050)</u>

	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Collective deferred outflows of resources	\$2,347,583,337	\$1,164,738,169
Collective deferred inflows of resources	\$7,849,949,467	\$8,339,123,762
Collective net pension liability (Non-State-Local Group)	\$16,435,616,426	\$11,972,782,878
Charter School's proportion of net pension liability	1,070,434	1,175,752
Charter School's proportion percentage	.006564%	.009924%

Actuarial Assumptions

The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

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%

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

6 PENSION PLANS – GASB 68 DISCLOSURES (continued)

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-2019.

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

The following presents the Charter School’s proportionate share of the net pension liability measured as of June 30, 2021, calculated using the discount rate of 7.00%, as well as what the Charter School’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School’s proportionate share of the net pension liability	\$1,352,115	\$1,175,752	\$999,390

Pension Plan Fiduciary Net Position

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

Long-Term Expected Rate of Return

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

6 PENSION PLANS – GASB 68 DISCLOSURES (continued)

anticipated. The more the experience deviates, the larger the impact on future financial statements.

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 Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in 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>
US equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real estate	8.00%	9.15%
Real assets	3.00%	7.40%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate is assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

7 POST RETIREMENT MEDICAL BENEFITS

Plan description and benefits provided

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements.

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

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

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

Total Nonemployer OPEB Liability

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

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

7 POST RETIREMENT MEDICAL BENEFITS (continued)

Actuarial assumptions and other imputes The June 30, 2022 GASB 75 reporting is based on a measurement date of June 30, 2021. The total nonemployer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 - June 30, 2018, for TPAF and PERS, respectively. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
TPAF:	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.45%
Rate Thereafter	2.75% to 4.45%
Discount rate (2021)	2.16%
Discount rate (2022)	2.21%
Healthcare cost trend rates (PPO Plans)	5.74%, increasing to 12.93% in fiscal year 2025 and decreases to 4.5% after eleven years
Healthcare cost trend rates (HMO Plans)	6.01%, increasing to 15.23.93% in fiscal year 2025 and decreases to 4.5% after eleven years
Healthcare cost trend rates (Prescription Drug Benefits)	6.75%, increasing to 4.5% long term trend rate after seven years
Healthcare cost trend rates (Medicare Part B reimbursement)	5.00%
Healthcare cost trend rates (Medicare Advantage)	5.65%

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

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

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

7 POST RETIREMENT MEDICAL BENEFITS (continued)

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.

Changes in the Total OPEB Liability reported by the State of New Jersey:

	Total OPEB Liability
The State's Total OPEB Liability Balance at June 30, 2020	\$67,809,962,608
Changes for the year:	
Service Cost	3,217,184,264
Interest on the Total OPEB Liability	1,556,661,679
Changes in Benefit Terms	(63,870,842)
Differences Between Expected and Actual Experience	(11,385,071,658)
Changes of Assumptions	59,202,105
Gross Benefit Payments	-
Contributions from Members	(1,186,417,186)
Net Changes	(7,802,311,638)
The State's Total OPEB Liability Balance at June 30, 2021	\$60,007,650,970
The State's Total OPEB Liability attributable to the Charter School	\$4,033,407

Benefit Changes: The decrease in liability from June 30, 2020 to June 30, 2021 is due to employers adopting Chapter 44 provisions.

Changes of assumptions and other inputs reflects a change in the discount rate from 2.21 percent in 2020 to 2.16 percent in 2021 and other changes.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the State for school board retirees, as well as what the State's total OPEB liability for school board would be if it were calculated using a discount rate that is 1-percentage -point lower or 1- percentage-point higher than the current discount rate:

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

7 POST RETIREMENT MEDICAL BENEFITS (continued)

	<u>June 30, 2021</u>		
	<u>At 1% Decrease</u>	<u>At Discount Rate</u>	<u>At 1% Increase</u>
	<u>1.16%</u>	<u>2.16%</u>	<u>3.16%</u>
Total OPEB Liability (School Retirees)	\$71,879,745,555	\$60,007,650,970	\$50,659,089,138
	<u>June 30, 2020</u>		
	<u>At 1% Decrease</u>	<u>At Discount Rate</u>	<u>At 1% Increase</u>
	<u>1.21%</u>	<u>2.21%</u>	<u>3.21%</u>
Total OPEB Liability (School Retirees)	\$81,748,410,002	\$67,809,962,608	\$56,911,439,160

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the State, as well as what the State’s total OPEB liability would be if it were 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>June 30, 2021</u>		
	<u>At 1% Decrease</u>	<u>Health Care Cost Trend Rate</u>	<u>At 1% Increase</u>
	Total OPEB Liability (School Retirees)	\$48,576,388,471	\$60,007,650,970
	<u>June 30, 2020</u>		
	<u>At 1% Decrease</u>	<u>Health Care Cost Trend Rate</u>	<u>At 1% Increase</u>
	Total OPEB Liability (School Retirees)	\$54,738,488,540	\$67,809,962,608

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

For the year ended June 30, 2021, the Charter School recognized OPEB expense and related revenue of \$1,084,286 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the Charter School's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee’s OPEB from the following sources:

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

7 POST RETIREMENT MEDICAL BENEFITS (continued)

	Deferred Outflows of	Deferred Inflows of
Differences between expected and actual experience	\$9,045,886,863	\$18,009,362,976
Changes of assumptions or other inputs	10,179,536,966	6,438,261,807
Total	\$10,179,536,966	\$24,447,624,783

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

Fiscal Year	Total
Ending June 30,	
2022	(\$1,182,303,041)
2023	(\$1,182,303,041)
2024	(\$1,182,303,041)
2025	(\$1,182,303,041)
2026	(840,601,200)
Thereafter	347,612,410
	(\$5,222,200,954)

8. ECONOMIC DEPENDENCY

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

9. CONTINGENT LIABILITIES

The Charter School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government.

If expenditures are disallowed due to noncompliance with grant program regulations, the Charter School may be required to reimburse the grantor government. As of June 30, 2022, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Charter School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Charter School.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

9. CONTINGENT LIABILITIES (continued)

The Charter School's attorney's letter advises that there is no litigation, pending litigation claims, contingent liabilities, unasserted claims for assessments or statutory violations which involved the Charter School and which might materially affect the Charter School's financial position.

10. RISK MANAGEMENT

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

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

New Jersey Unemployment Compensation - The Charter School has elected to fund its New Jersey Unemployment Compensation under the "Contributory Method". Under this plan, the Charter School is required to remit employee withholdings to the State on a quarterly basis. All of the Charter School's claims are paid by the State.

11. RECEIVABLES

Receivables as of 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 are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Proprietary Fund</u>	<u>Total</u>
Receivables:				
Accounts	<u>\$237,344</u>	<u>\$3,687,944</u>	<u>\$63,651</u>	<u>\$3,988,937</u>
Gross Receivables	<u>\$237,344</u>	<u>\$3,687,944</u>	<u>\$63,651</u>	<u>\$3,988,937</u>

12. CAPITAL ASSETS

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2022. Capital asset activity for the fiscal year ended June 30, 2022 is as follows:

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

12. CAPITAL ASSETS (continued)

	Balance July 1, 2021	Increase/ Decrease	Balance June 30, 2022
Governmental Activities			
Capital Assets, being Depreciated:			
Improvements	\$243,255		\$243,255
Furniture/Equipment	252,608		252,608
Total Capital Assets, being Depreciated	496,463		496,463
Less Accumulated Depreciation for:			
Furniture/Equipment/Improvements	(77,353)	(41,328)	(118,681)
Total Accumulated Depreciation	(77,353)	(41,328)	(118,681)
Governmental Activities Capital Assets, Net	(\$419,110)	(41,328)	\$377,782

Depreciation expense of \$41,328 was charged to an unallocated function.

	Beginning Balance June 30, 2021	Net Additions (Deletions)	Ending Balance June 30, 2022
Governmental Activities			
Right to use lease assets:			
Premises	\$35,089,900	---	\$35,089,900
Total	\$35,089,900	\$0	\$35,089,900
Less accumulated depreciation for:	-	(1,002,570)	(1,002,570)
Right to use lease assets, net	\$35,089,900	(\$1,002,570)	\$34,087,330

13. SUBSEQUENT EVENTS

The Charter School has evaluated subsequent events occurring after the financial statement date through March 8, 2023 which is the date the financial statements were available to be issued. Based upon this evaluation, the Charter School has determined that the following subsequent events needed to be disclosed:

During fiscal year 2022, COVID-19 continued to be recognized as a global pandemic. Federal, state and local governments in the United States have imposed restrictions on travel and business operations. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration and the impact it will have on the Charter School's operations and financial position. As a result, the adverse impact COVID-19 will have on the Charter School's businesses, operating results, cash flows, and financial condition is uncertain. It is management's opinion that the adverse impact would not be material.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

14. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

The reconciliation is as follows:

Fund balance per B-1 (Governmental)	\$ 6,290,745
Cost of capital assets net as of June 30, 2022 accumulated depreciation	377,782
Pension deferred outflows	1,387,766
Pension deferred inflows	(736,716)
Deferred pension liability as of June 30, 2022	(1,175,752)
Right -to-use assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$35,089,900 less the accumulated amortization (\$1,002,570) (see note 15)	34,087,730
Lease liabilities used in governmental activities are not financial resourced and therefore are not reported in the funds (see note 15)	<u>(34,700,713)</u>
Net position (per A-1) as of June 30, 2022 - (Governmental)	<u>\$ 5,530,842</u>

15. RENTAL COMMITMENTS

The school has entered into several non-cancellable lease agreements.

- A) The lease with CAPS for location Market St was in effect through Jan 2022.
- B) A lease was entered into with CAPS21 Market LLC in January 2022 for the property at 21 Market Street, Paterson, NJ. The term of the lease is through June 30, 2026 with automatic renewals equal to each charter renewal until June 30, 2057.
- C) A lease was entered into with CAPS in June 2021 for the property at 5 Colt St, Paterson, NJ The term of the lease is through May 31, 2026 with 4 automatic renewals every 5 years
- D) An agreement was signed with Davin Treader for gym use through June 30, 2024, 10 payments each year (Sept-June) The lease with CAPS ended in July 1021, moved from this this location to Colt St.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

15. RENTAL COMMITMENTS (continued)

The Charter School leases its premises under the terms of non-cancelable leases from CAPS 21 Market LLC and others through the Charter School’s current charter. Certain leases are automatically extended upon the charter renewal and can be extended through various dates through June 30, 2057. The leases required aggregate monthly cash payments of approximately \$145,647 during the year ended June 30, 2022. Interest expense on the leases was \$1,358,577 for the year ended June 30, 2022, which is reflected as lease interest expense in the accompanying budgetary comparison schedule – general fund (exhibit C-1). The net value of the right-to-use lease assets and lease liabilities was \$612,983 as of June 30, 2022, which was calculated using a discount rate of 5% (the School’s estimated incremental borrowing rate as of July 1, 2021). The value of the lease liabilities and right-of-use lease assets at July 1, 2021 was \$35,089,900. Amortization of the related right-to-use lease assets was \$1,002,170 for the year ended June 30, 2022.

Future minimum payments due under these agreements and future amortization are as follows:

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Long Term Lease Schedule
June 30, 2022

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Amortization</u>
2023 - 2057	\$34,700,713	\$39,894,301	\$34,087,730

In addition the charter school is required to maintain the following covenants under this lease as follows:

Financial Covenants - Tenant agrees to maintain the following financial covenants applicable to it as a member of the defined term Covenant Group:

(a) *Debt Service Coverage Ratio* - The Tenant covenants that the Covenant Group shall maintain in each Fiscal Year a Debt Service Coverage Ratio of at least 110%, subject to statutory, governmental, judicial and/or administrative limitations on the ability of members of the Covenant Group to collect revenues.

(b) *Cash on Hand Ratio* - The Tenant covenants that the Covenant Group shall maintain in each Fiscal Year the ratio obtained by dividing (i) Cash on Hand for such Fiscal Year by (ii) Cash Operating Expenses for such Fiscal Year, calculated as of the last day of such Fiscal Year at least 15%.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

15. RENTAL COMMITMENTS (continued)

Operations and Maintenance Covenant - In addition to Rent due herein, the Tenant shall make a monthly payment directly to the Master Trustee for deposit into the Series 2021 O&M Account, in an amount calculated based on the projected 5-year cost set forth in the Capital Needs Assessment, divided by 60 (the "O&M Requirement"). The O&M Requirement shall be adjusted downwards by the amount of any included capital outlay improvements which are completed by the School or Landlord (the "Modified O&M Requirement"). The monthly payment amount shall be sufficient to grow the balance of the 2021 O&M Account to equal the Modified O&M Requirement as of the fifth anniversary of the Capital Needs Assessment, with a minimum of \$5,000 per month and maximum of \$50,000 per month.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
State / Local Share	\$ 17,785,583	\$ (7,812)	\$ 17,777,771	\$ 17,777,771	-
Miscellaneous	-	-	0	69,828	\$ (69,828)
Total - Local Sources	<u>17,785,583</u>	<u>(7,812)</u>	<u>17,777,771</u>	<u>17,847,599</u>	<u>(69,828)</u>
Special Education	585,079	(200,048)	385,031	385,031	-
Security Aid	621,161	39,277	660,438	659,857	581
TPAF Long Term Disb (On-Behalf - Non-Budgeted)				1,081	(1,081)
TPAF Medical (On-Behalf - Non-Budgeted)				258,562	(258,562)
TPAF Pension (On-Behalf - Non-Budgeted)	-		-	1,106,667	(1,106,667)
TPAF Social Security (Reimbursed - Non-Budgeted)				318,391	(318,391)
Total State Sources	<u>1,206,240</u>	<u>(160,771)</u>	<u>1,045,469</u>	<u>2,729,589</u>	<u>(1,684,120)</u>
Federal Sources:					
Total - Federal Sources					
Total Revenues	<u>18,991,823</u>	<u>(168,583)</u>	<u>18,823,240</u>	<u>20,577,188</u>	<u>(1,753,948)</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Teachers Salary	3,945,360	185,494	4,130,854	3,927,995	\$ 202,859
Other Salaries	183,500	19,374	202,874	171,182	31,692
Prof/Tech Services	2,168,753	(63,193)	2,105,560	1,976,914	128,646
Other Purchased Services (400-500 series)	1,614,980	(266,911)	1,348,069	1,324,338	23,731
General Supplies	583,500	(535,272)	48,228	40,254	7,974
Textbooks	200,000	(193,095)	6,905	-	6,905
Other Objects	-	223,803	223,803	222,248	1,555
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>8,696,093</u>	<u>(629,800)</u>	<u>8,066,293</u>	<u>7,662,931</u>	<u>403,362</u>

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services - General Administrative					
Salaries of Administrative Salaries	1,531,688	19,120	1,550,808	1,407,558	143,250
Salaries of Secretarial and Clerical Assistants	295,800	224,201	520,001	390,606	129,395
Cost of Benefits	2,003,043	(71,266)	1,931,777	1,856,095	75,682
Consultants	60,000	16,825	76,825	72,945	3,880
Purchased Professional Services (400-500 series)	1,741,947	63,536	1,805,483	1,314,372	491,111
Other Purchased Services (400-500 series)	34,360	(17,453)	16,907	13,483	3,424
Communications/Telephone	66,000	97,202	163,202	149,370	13,832
Supplies and Materials	33,000	187,157	220,157	80,893	139,264
Other Objects	15,000	-	15,000	10,848	4,152
	<u>5,780,838</u>	<u>519,322</u>	<u>6,300,160</u>	<u>5,296,170</u>	<u>1,003,990</u>
Support Services - School Admin/Operation Plant Services					
Salaries	509,234	(55,054)	454,180	195,037	259,143
Purchased Professional and Technical Services	185,375	171,712	357,087	336,600	20,487
Other Purchased Services	320,000	492,294	812,294	531,646	280,648
Rental of Land and Building- other than Lease Purchase Agreements	669,236	(517,512)	151,724	28,760	122,964
Insurance	237,000	125,168	362,168	306,325	55,843
General Supplies	75,000	(45,807)	29,193	29,193	-
Transportation- Trips	25,000	21,453	46,453	46,453	-
Energy (Energy and Electricity)	170,000	(54,599)	115,401	99,994	15,407
Other Objects	80,000	(27,177)	52,823	22,831	29,992
Lease Interest Expense	1,358,577	-	1,358,577	1,358,577	-
Principal Payments on Lease	389,187	-	389,187	389,187	-
	<u>4,018,609</u>	<u>110,478</u>	<u>4,129,087</u>	<u>3,344,603</u>	<u>784,484</u>
Total Undist. Expend. - Other Oper. & Maint. Of Plant					
Food Service and After Care Program					
Other Purchased Services	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Food Services					
TPAF Long Term Disb (On-Behalf - Non-Budgeted)				1,081	(1,081)
TPAF Medical (On-Behalf - Non-Budgeted)				258,562	(258,562)
TPAF Pension (On-Behalf - Non-Budgeted)	-		-	1,106,667	(1,106,667)
TPAF Social Security (Reimbursed - Non-Budgeted)				318,391	(318,391)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,684,701</u>	<u>(1,684,701)</u>
TOTAL ON-BEHALF CONTRIBUTIONS					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,684,701</u>	<u>(1,684,701)</u>
TOTAL UNDISTRIBUTED EXPENDITURES					
	<u>9,799,447</u>	<u>629,800</u>	<u>10,429,247</u>	<u>10,325,474</u>	<u>103,773</u>
TOTAL GENERAL CURRENT EXPENSE	<u>18,495,540</u>	<u>-</u>	<u>18,495,540</u>	<u>17,988,405</u>	<u>507,135</u>

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction:					
Non-Instructional Equipment	50,000	-	50,000	2,855	47,145
Instructional Equipment	277,700	-	277,700	537	277,163
Interest Expense- - Current Loans	-	-	-	-	-
Interest Expense- Mortgages	-	-	-	-	-
Building Improvements	-	-	-	-	-
Lease paymernts	-	-	-	-	-
Total Equipment	<u>327,700</u>	<u>-</u>	<u>327,700</u>	<u>3,392</u>	<u>324,308</u>
TOTAL EXPENDITURES- GENERAL FUND	18,823,240	-	18,823,240	17,991,797	831,443
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	2,585,391	(2,585,391)
Other Financing Sources:					
Operating Transfer In:	-	-	-	-	-
Total Other Financing Sources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	2,585,391	(2,585,391)
Fund Balance, July 1, 2021	-	-	3,705,354	3,705,354	
Fund Balance, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,705,354</u>	<u>\$ 6,290,745</u>	<u>\$ (2,585,391)</u>

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2022

Exhibit C-2
Page 1

	Budget	Transfers	Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ -		\$ -	\$ -	
State Sources	59,005		59,005	59,005	
Federal Sources	4,345,326		4,345,326	4,345,326	
Total Revenues	4,404,331		4,404,331	4,404,331	
EXPENDITURES:					
Instruction					
Salaries of Teachers	1,490,660		1,490,660	1,490,660	
Other Salaries for Instruction	20,066		20,066	20,066	
Purchased Professional -Educational Services	-		-	-	
Purchased Professional and Technical Services	819,469		819,469	819,469	
Food Service Subsidy	-		-	-	
Other Purchased Services (400-500 series)	225,464		225,464	225,464	
Textbooks	-		-	-	
General Supplies	682,855		682,855	682,855	
Personal Services- Employee Benefits	309,350		309,350	309,350	
Instructional services	54,927		54,927	54,927	
Equipment- instructional	-		-	-	
Total Instruction	3,602,791	-	3,602,791	3,602,791	
Support Services					
Salaries of Supervisor of Instruction	375,340		375,340	375,340	
Salaries of Program Directors	-		-	-	
Salaries of Other Professional Staff	-		-	-	
Salaries of Secretaries & Clerical Assistants	-		-	-	
Other Salaries	-		-	-	
Personal Services - Employee Benefits	-		-	-	
Purchased Professional - Educational Services	83,981		83,981	83,981	
Other Purchased Professional Services	-		-	-	
Supplies	57,969		57,969	57,969	
Field Trips	-		-	-	
Scholarships	-		-	-	
Tuition	-		-	-	
Travel	-		-	-	
Other purchased Services (400-500 series)	-		-	-	
Equipment- Non-instructional	40,395		40,395	40,395	
Building Improvements	243,855		243,855	243,855	
Total Support Services	801,540		801,540	801,540	

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Buildings Improvements					
Instructional Equipment					
Noninstructional Equipment					
Total Facilities Acquisition and Construction Services					
Transfer to Charter School					
Total Expenditures	4,404,331		4,404,331	4,404,331	
Other Financing Sources (Uses)					
Transfer in from General Fund					
Transfer Out to Whole School Reform (General Fund)					
Total Other Financing Sources (Uses)					
Total Outflows					
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION**

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI**

For the Fiscal Year Ended June 30, 2022

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

The general fund budget and the special revenue budget basis are GAAP, therefore no reconciliation is required

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS - PERS
FOR THE FISCAL YEAR ENDED JUNE 30*
(UNAUDITED)**

Public Employees' Retirement System (PERS)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Charter School Proportion of the net pension liability (asset)	\$1,175,752	\$1,070,434	\$569,245	N/A	N/A
Charter School Proportionate share of the net pension liability (asset)	0.9924%	0.00656%	0.00316%	N/A	N/A
Charter School Covered employee payroll	\$1,144,517	\$589,076	\$274,890	N/A	N/A
Charter School Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	102.7%	181.7%	207.1%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	97.30%	58.32%	56.27%	N/A	N/A

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

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS - PERS
FOR THE FISCAL YEAR ENDED JUNE 30*
(UNAUDITED)**

Public Employees' Retirement System (PERS)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$116,232	\$71,808	\$30,730	N/A	N/A
Contributions in relation to the contractually required contribution	(\$116,232)	(\$71,808)	(\$30,730)	N/A	N/A
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	N/A	N/A
Charter School Covered employee payroll	\$1,144,517	\$589,706	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	10.20%	12.20%	N/A	N/A	N/A

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

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
SCHEDULE OF THE CHARTER SCHOOL PROPORTIONATE SHARE
OF NET PENSION LIABILITY - TPAF
FOR THE FISCAL YEAR ENDED JUNE 30
(UNAUDITED)**

Teachers' Pension and Annuity Fund (TPAF)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Charter School Proportion of the net pension liability (asset)**	N/A	N/A	N/A	N/A	N/A
Charter School Proportionate share of the net pension liability (asset)**	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the Charter School	<u>\$7,620,728</u>	<u>\$5,981,109</u>	N/A	N/A	N/A
Total	<u>\$7,620,728</u>	<u>\$5,981,109</u>	N/A	N/A	N/A
Charter School Covered employee payroll	\$3,136,270	\$2,335,246	N/A	N/A	N/A
Charter School Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0%	0%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	35.52%	24.60%	N/A	N/A	N/A

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

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PENSION SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(UNAUDITED)**

Public Employees' Retirement System (PERS)

Changes of benefit terms. 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.

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

Teachers' Pension and Annuity Fund (TPAF)

Changes of benefit terms. The vesting and benefit provisions 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 for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS
STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (TPAF AND PERS)
(UNAUDITED)
Fiscal Years*
2022 2021 2020 2019 2018**

The State of New Jersey's Total OPEB Liability

Service Cost	\$3,217,874,264	\$1,790,973,822	\$1,734,404,850	\$1,984,642,729	\$2,391,878,884
Interest	1,556,661,679	1,503,341,357	1,827,787,206	1,970,236,232	1,699,441,736
Change in Benefit Terms					
Difference Between Expected and Actual Experience	11,449,632,500	11,544,750,637	(7,323,140,818)	(5,002,065,740)	
Benefit Payment	59,202,105	(1,180,515,618)	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)
Contributions from Members		35,781,384	37,971,171	42,614,005	45,748,749
Changes of Assumptions or other inputs	(1,186,417,186)	12,386,549,981	622,184,027	(5,291,448,855)	(7,086,599,129)
Net change in total OPEB liability	(\$7,802,311,638)	\$26,080,881,563	(\$4,381,751,937)	(\$7,529,008,876)	(\$4,191,942,326)
Total OPEB Liability - Beginning	\$67,809,962,608	\$41,729,081,045	\$46,110,832,982	\$53,639,841,858	\$57,831,784,184
Total OPEB Liability - Ending	\$60,007,650,970	\$67,809,962,608	\$41,729,081,045	\$46,110,832,982	53,639,841,858
The State of New Jersey's total OPEB liability**	\$60,007,650,970	\$67,809,962,608	\$41,729,081,045	\$46,110,832,982	\$53,639,841,858
The State of New Jersey's OPEB liability attributable to the Charter School	\$4,033,407	\$2,294,004	\$0	\$0	\$0
The Charter School's proportionate share of the total OPEB liability	0	0	0	0	0
Charter School's covered employee payroll	4,460,787	2,924,322	0	0	0
Total Charter School's OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Charter School's contribution	None	None	None	None	None
State's covered employee payroll	\$14,425,669,769	\$14,267,738,657	\$13,929,083,479	\$13,640,275,833	\$13,493,400,208
Total State's OPEB liability as a percentage of its covered-employee payroll	416.00%	475.00%	300.00%	338.05%	397.53%

**Note: Other Post Employment Benefits (OPEB) for employees of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees Retirement System (PERS) is considered a special funding situation as defined by GASB Statement No. 75 in which the State of New Jersey is 100% responsible for contributions to the health insurance plan. The district (employer) does not contribute to the plan and the district's OPEB liability is zero.

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

SPECIAL REVENUE FUND

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

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Revenues and Expenditures- Budgetary Basis
For the Fiscal Year Ended June 30, 2022

	TOTAL	TITLE I PART A	TITLE I C/O	TITLE III IMMIGRANT	IDEA PART B REGULAR	IDEA PRESCHOOL	IDEA PART B ARP	IDEA PRESCHOOL ARP	ESSER II	SDA EMERGENT GRANT	CSP GRANT
REVENUES											
Intergovernmental											
State	\$59,005									\$59,005	
Federal	4,345,326	\$1,466,437	\$221,876	\$3,756	\$278,518	\$3,734	\$59,443	\$5,029	\$1,441,414		\$865,119
Other Sources											
Miscellaneous											
Total Revenues	<u>4,404,331</u>	<u>1,466,437</u>	<u>221,876</u>	<u>3,756</u>	<u>278,518</u>	<u>3,734</u>	<u>59,443</u>	<u>5,029</u>	<u>1,441,414</u>	<u>59,005</u>	<u>865,119</u>
EXPENDITURES											
Instruction											
Salaries	1,490,660	574,250	201,810	0					714,600		
Salaries -Other Instruction	20,066		20,066								
Other Purchased Services	225,464								5,000		220,464
Purchased Prof. and Tech.and Edu Services	819,469				278,518	3,734	59,443	5,029	15,942		456,803
General Supplies	682,855	620,094		3,756						59,005	
Recruitment											
Personal Services - Employee Benefits	309,350	154,350		0					155,000		
Textbooks											
Instructional Services	54,927										54,927
Equipment - Instructional											
Total Instruction	<u>3,602,791</u>	<u>1,348,694</u>	<u>221,876</u>	<u>3,756</u>	<u>278,518</u>	<u>3,734</u>	<u>59,443</u>	<u>5,029</u>	<u>890,542</u>	<u>59,005</u>	<u>732,194</u>
Support Services											
Salaries of Supervisors of Instruction	375,340	80,000							277,000		18,340
Salaries of Program Directors											
Salaries of Other Prof. Staff											
Salaries of Secretarial and Clerical Ass't											
Personal Services - Employee Benefits											
Supplies and Materials	57,969	37,743							20,226		
Other Purchased Services											
Purchased Professional/Educational Services	83,981								83,981		
Class- room Improvements	0										
Building Improvements	243,855								129,270		114,585
Non instructional Equipment	40,395								40,395		
Total Support Services	<u>801,540</u>	<u>117,743</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>550,872</u>	<u>0</u>	<u>132,925</u>
TOTAL EXPENDITURES	<u>\$4,404,331</u>	<u>\$1,466,437</u>	<u>\$221,876</u>	<u>\$3,756</u>	<u>\$278,518</u>	<u>\$3,734</u>	<u>\$59,443</u>	<u>\$5,029</u>	<u>\$1,441,414</u>	<u>\$59,005</u>	<u>\$865,119</u>

PROPRIETARY FUNDS

ENTERPRISE FUND

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the cost of providing goods and services be financed through user charges or where the board has decided that periodical determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Food Service Fund - The fund provides for the operation of food services in all schools.

Exhibit G-1

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Net Position
Proprietary Fund
As of June 30, 2022

	Proprietary Fund Business-Type Activities Enterprise
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$21,229
Federal	62,516
State	1,135
Total Current Assets	<u>84,880</u>
Total Assets	<u><u>\$84,880</u></u>
LIABILITIES	
Total Current Liabilities	<u> </u>
Net Position	
Unrestricted	84,880
Invested in capital assets - net	
Total Net Position	<u><u>\$84,880</u></u>

Exhibit G-2

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2022

	Business Type Activities Enterprise Fund
OPERATING REVENUES	
Daily Sales - Reimbursable Programs	
Additional Subsidy	\$236
Total Operating Revenues	236
OPERATING EXPENSES	
Salaries, wages and employee benefits	(244,943)
Supplies, Materials & Other	(441,758)
Rent and overhead	(84,256)
Total Operating Expenses	(770,957)
Income (Loss) From Operations	(770,721)
Nonoperating Revenues	
State Sources	
State Sources	12,864
Federal Sources	
School Breakfast Program	125,853
National School Lunch Program	547,037
National Snack Program	25,016
Emergent Grant	42,727
PBET Subsidy	1,242
Board Subsidy	0
Total Nonoperating Revenues	754,739
Increase (Decrease) in Net Position before transfers	(15,982)
Total Net Position- Beginning of Year	100,862
Total Net Position- End of Year	\$84,880

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Statements of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2022

	Proprietary Fund Business-Type Activities
Cash flows from operating activities	
Cash Received from Customers	\$0
Cash Received Other Grants	\$44,205
Cash Payments to Suppliers for Goods and Services	(\$441,758)
Cash Payments to Employee's Salaries and Benefits	(244,943)
Cash Payments to Rent and overhead	(\$84,256)
Net Cash (Used) by Operating Activities	(726,752)
 Cash Flows from Noncapital Financing Activities	
Cash Received from General Fund Transfer (Contribution)	0
Cash Received from State and Federal Subsidy Reimbursen	660,732
Net Cash Provided by Noncapital Financing Activities	660,732
 Cash Flows from Investing Activities	
Net Cash Provided by Investing Activities	
Net Increase in Cash and Cash Equivalents	(66,020)
Cash and Cash Equivalents, Beginning of Year	87,249
Cash and Cash Equivalents, End of Year	\$21,229
 Reconciliation of Operating Income to Net Cash	
Used by Operating Activities	
Operating Income	(\$15,980)
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities	
(Increase) Decrease in Accounts Receivable	(50,040)
Change in Assets and Liabilities	0
Total Adjustment	(50,040)
 Net Cash Provided by (Used In) Operating Activities	(\$66,020)

FIDUCIARY FUNDS

(NOT APPLICABLE)

Exhibit H-1

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Fiduciary Funds
Combining Statement of Agency Fund Net Position
As of June 30, 2022**

NOT APPLICABLE

Exhibit H-2

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Nonexpendable Trust Fund
Combining Statement of Agency Fund Net Position
Fiduciary Funds
As of June 30, 2022**

NOT APPLICABLE

Exhibit H-3

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Student Activity Agency Fund
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2022**

NOT APPLICABLE

Exhibit H-4

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2022**

NOT APPLICABLE

Exhibit H-5

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Unemployment Compensation Insurance Trust Fund
Statement of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2022**

NOT APPLICABLE

STATISTICAL SECTION

This part of the College Achieve Paterson Charter School annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the school's overall financial health.

Contents

Exhibits

Financial Trends

J- 1 to J-5

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

Revenue Capacity

J-6 to J-9

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

Debt Capacity

J-10 to J-13

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

Demographic and Economic Information

J-14 and J-15

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

Operating Information

J-16 to J-20

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

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

FINANCIAL TRENDS

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
NET POSITION (DEFICIT) BY COMPONENT
FOR THE FISCAL YEAR ENDED JUNE 30
ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Governmental activities					
Invested in capital assets, net	\$ 377,782	\$ 134,860	\$ 93,306	\$ 114,038	\$ 134,770
Amortization exp. over prin. payments over leases	(612,983)				
Unrestricted Net Position	5,766,043	3,307,078	1,891,974	849,397	13,172
Total governmental activities net position	<u>\$ 5,530,842</u>	<u>\$ 3,441,938</u>	<u>\$ 1,985,280</u>	<u>\$ 963,435</u>	<u>\$ 147,942</u>
Business-type activities					
Invested in capital assets, net					
Unrestricted Net Position	84,880	100,862	89,514	-	-
Total business-type activities net position	<u>\$ 84,880</u>	<u>\$ 100,862</u>	<u>\$ 89,514</u>	<u>\$ 43,947</u>	<u>\$ -</u>
School-wide					
Invested in capital assets, net	\$377,782	\$134,860	\$93,306	\$114,038	\$134,770
Amortization exp. over prin. paymts over leases	(612,983)				
Unrestricted Net Position	5,850,923	3,407,940	1,981,488	893,344	13,172
Total school net position	<u>\$ 5,615,722</u>	<u>\$ 3,542,800</u>	<u>\$ 2,074,794</u>	<u>\$ 1,007,382</u>	<u>\$ 147,942</u>

Source: School Financial Statements

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
CHANGES IN NET POSITION (DEFICIT)
FOR THE FISCAL YEAR ENDED JUNE 30
ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Expenses					
Governmental activities					
Instruction					
Regular	\$11,265,722	\$7,161,200	\$5,604,664	\$2,804,504	\$1,594,528
Support Services:					
General administration	6,097,710	3,678,664	2,157,663	2,228,063	1,004,996
School Administrative Services	3,344,603	3,005,633	2,115,403	1,330,158	771,857
On-behalf TPAF Social Security	1,684,701	859,428	447,118	96,389	85,399
Capital outlay	3,392	135,349	0	0	171,791
Amortization exp. over prin. paymts over leases	612,983				
Unallocated depreciation	41,328	(41,554)	20,732	20,732	10,366
Total governmental activities expenses	<u>23,050,439</u>	<u>14,798,720</u>	<u>10,345,580</u>	<u>6,479,846</u>	<u>3,638,937</u>
Business-type activities:					
Food service	754,975	89,508	240,555	237,374	0
Total business-type activities expense	<u>754,975</u>	<u>89,508</u>	<u>240,555</u>	<u>237,374</u>	<u>0</u>
Total school expenses	<u>\$23,805,414</u>	<u>\$14,888,228</u>	<u>\$10,586,135</u>	<u>\$6,717,220</u>	<u>\$3,638,937</u>
Program Revenues					
Governmental activities:					
Operating grants and contributions	\$4,404,331	\$963,030	\$486,204	\$345,389	\$245,567
Capital grants and contributions					
Total governmental activities program revenues	<u>4,404,331</u>	<u>963,030</u>	<u>486,204</u>	<u>345,389</u>	<u>245,567</u>
Business-type activities:					
Charges for services					
Food service	770,957	100,854	286,122	0	0
Operating grants and contributions				0	0
Capital grants and contributions					
Total business type activities program revenues	<u>770,957</u>	<u>100,854</u>	<u>286,122</u>	<u>0</u>	<u>0</u>
Total school program revenues	<u>\$5,175,288</u>	<u>\$1,063,884</u>	<u>\$772,326</u>	<u>\$345,389</u>	<u>\$245,567</u>
Net (Expense)/Revenue					
Governmental activities	(\$18,646,108)	(\$13,835,690)	(\$9,859,376)	(\$6,134,457)	(\$3,393,370)
Business-type activities	(\$15,982)	\$11,346	\$45,567	\$43,947	\$0
Total school-wide net expense	<u>(\$18,662,090)</u>	<u>(\$13,824,344)</u>	<u>(\$9,813,809)</u>	<u>(\$6,090,510)</u>	<u>(\$3,393,370)</u>
Governmental activities:					
Local share	\$0	\$1,370,400	\$868,113	\$607,945	\$296,933
State Share	17,777,771	11,702,494	8,625,758	5,768,606	2,767,847
State and Federal Aid aid	2,729,589	1,869,887	1,390,060	549,363	246,321
Miscellaneous income	69,828	646,042	99,094	24,036	85,075
Increase (Decrease) in Net Capital Outlay	284,250	0	0	0	145,136
Pension Adjustment	(126,426)				
Total governmental activities	<u>\$20,735,012</u>	<u>\$15,588,823</u>	<u>\$10,983,025</u>	<u>\$6,949,950</u>	<u>\$3,541,312</u>
Business-type activities:					
Investment earnings					
Transfers	0	0	0	0	0
Total business-type activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total school-wide	<u>\$20,735,012</u>	<u>\$15,588,823</u>	<u>\$10,983,025</u>	<u>\$6,949,950</u>	<u>\$3,541,312</u>
Change in Net Position					
Governmental activities	\$2,088,904	\$1,753,133	\$1,123,649	\$815,493	\$147,942
Business-type activities	(\$15,982)		\$43,947	\$43,947	\$0
Total school	<u>\$2,072,922</u>	<u>\$1,753,133</u>	<u>\$1,167,596</u>	<u>\$859,440</u>	<u>\$147,942</u>

Source: School Financial Statements

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
 FUND BALANCES - GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30
 MODIFIED ACCRUAL BASIS OF ACCOUNTING
 (UNAUDITED)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
General Fund					
Unreserved Fund Balance	\$ 6,290,745	\$ 3,705,354	\$ 1,993,778	\$ 849,397	\$ 13,172
Total general fund	<u>\$ 6,290,745</u>	<u>\$ 3,705,354</u>	<u>\$ 1,993,778</u>	<u>\$ 849,397</u>	<u>\$ 13,172</u>
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	0	0	0	0	0
Total all other governmental funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Source: School Financial Statements

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
SCHOOLWIDE REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30
MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenues					
Local tax Levy	\$0	\$1,370,400	\$868,113	\$607,945	\$296,933
Other local revenue	69,828	646,042	195,094	24,036	85,075
State sources	20,507,360	13,572,381	10,015,818	6,317,969	3,014,168
Propriety	754,975	100,854	286,122	281,321	
Federal sources	4,404,331	963,030	390,204	345,389	245,657
Total revenue	<u>25,736,494</u>	<u>16,652,707</u>	<u>11,755,351</u>	<u>7,576,660</u>	<u>3,641,833</u>
Expenditures					
Instruction					
Regular Instruction	7,662,931	6,212,717	5,242,058	2,459,115	1,348,961
Support Services:					
General administration	5,296,170	3,664,117	2,034,065	2,228,063	1,004,996
School administrative services/Plant	3,344,603	3,005,633	2,115,403	1,330,158	771,857
TPAF Social Security	1,684,701	859,428	447,118	96,389	85,399
Capital outlay	3,392	135,349		0	171,791
Propriety	770,957	89,508	240,555	237,374	171,791
Special Revenue	4,404,331	963,030	486,204	345,389	245,657
Total expenditures	<u>23,167,085</u>	<u>14,929,782</u>	<u>10,565,403</u>	<u>6,696,488</u>	<u>3,800,452</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>2,569,409</u>	<u>1,722,925</u>	<u>118,948</u>	<u>880,172</u>	<u>(158,619)</u>
Other Financing sources (uses)					
Transfers in					
Transfers out					
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	<u>\$ 2,569,409</u>	<u>\$ 1,722,925</u>	<u>\$ 1,189,948</u>	<u>\$ 880,172</u>	<u>\$ (158,619)</u>

Source: School Financial Statements

REVENUE CAPACITY

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
 General Fund - Other Local Revenue By Source
 For the Fiscal Year Ended June 30
 (UNAUDITED)**

	<u>Sale of Capital Assets</u>	<u>Donations</u>	<u>Loan Forgiveness PPP / SBA</u>	<u>Prior Year Refunds</u>	<u>Sale and Leaseback of Textbooks</u>	<u>Misc.</u>	<u>Totals</u>
2018						\$85,075	\$85,075
2019						24,036	24,036
2020						99,094	99,094
2021			629,353			16,689	646,042
2022						69,828	69,828

Source: School Financial Statements

Exhibit J-6

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Assessed Value and Actual Value of Taxable Property
For the Fiscal Year Ended June 30, 2022**

NOT APPLICABLE

Exhibit J-7

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Direct and Overlapping Property Tax Rates
For the Fiscal Year Ended June 30, 2022**

NOT APPLICABLE

Exhibit J-8

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Principal Property Taxpayers
For the Fiscal Year Ended June 30, 2022**

NOT APPLICABLE

DEBT CAPACITY

Exhibit J-9

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Property Tax Levies and Collections
For the Fiscal Year Ended June 30, 2022**

NOT APPLICABLE

Exhibit J-10

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Ratios of Outstanding Debt by Type
For the Fiscal Year Ended June 30, 2022**

NOT APPLICABLE

Exhibit J-11

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Ratios of Net General Bonded Debt Outstanding
For the Fiscal Year Ended June 30, 2022**

NOT APPLICABLE

Exhibit J-12

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Direct and Overlapping Governmental Activities Debt
For the Fiscal Year Ended June 30, 2022**

NOT APPLICABLE

DEMOGRAPHIC AND ECONOMIC INFORMATION

Exhibit J-13

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Legal Debt Margin Information
For the Fiscal Year Ended June 30, 2022**

NOT APPLICABLE

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Demographic and Economic Statistics
For the Fiscal Year Ended June 30, 2022**

NOT APPLICABLE

**OPERATING INFORMATION
(UNAUDITED)**

Exhibit J-15

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Principal Employers
For the Fiscal Year Ended June 30, 2022**

NOT APPLICABLE

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Full-time Equivalent School Employees by Function/Program
For the Fiscal Year Ended June 30
(UNAUDITED)

<u>Function/Program</u>	2022	2021	2020	2019	2018
Teachers	92	69	54	36	19
Support Services	18	19	11	8	7
Administration	15	10	6	4	3
Total	<u>125</u>	<u>98</u>	<u>71</u>	<u>48</u>	<u>29</u>

Source: School Personnel Records

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Operating Statistics
For the Fiscal Year Ended June 30
(UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
2018	288	1,739,827	6,041	N/A	10	10		276	262.2	N/A	96.00%
2019	505	6,696,488	13,260	1.95%	33	11:1		490	475	78%	97.00%
2020	737	10,565,406	14,336	8%	54	13:1		712	696	45%	95.00%
2021	1,012	14,840,274	14,664	2%	67	14:1		961	906	35%	94.30%
2022	1,172	23,167,085	19,767	34.7%	82	14:1		1167	1109	21%	95.00%

Sources: School records

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
School Building Information
For the Fiscal Year Ended June 30
(UNAUDITED)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>School Building</u>					
Main Campus					
Square Feet	102,000	90,840	53,200	37,640	28,250
Capacity (students)	1,240	1,240	840	400	400
Enrollment	1,172	1,012	737	505	288
ADE	1,167	961	712	490	276
Number of Schools at June 30					
Elementary	2	2	1	1	1

Source: School Office

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
General Fund - Schedule of Required Maintenance
For the Fiscal Year Ended June 30, 2022**

NOT APPLICABLE

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Insurance Schedule
For the Fiscal Year Ended June 30, 2022
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Commercial Property		
Each Occurrence	\$ 1,000,000	\$ 5,000
Damages/Rented Premises	500,000	0
Medical	5,000	0
Personal & Adv Injury	1,000,000	5,000
General Aggregate	3,000,000	5,000
Products -Comp/OP/AGG	3,000,000	5,000
Automobile	-	-
Umbrella	1,000,000	-
Workers' Compensation		
Each Accident	500,000	-
Disease - Each Employee	500,000	
Disease - Policy Limiy	500,000	
Property	-	-

**CHARTER SCHOOL PERFORMANCE
FRAMEWORK FINANCIAL INDICATORS**

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
FINANCIAL PERFORMANCE - FINANCIAL RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30
(UNAUDITED)**

**Charter School Performance Framework Financial Indicators
Near Term Indicators**

	2022	2021	2020	2019	2018
Cash and Cash Equivalents	2,916,149	3,345,283	2,741,996	667,587	23,430
Current Assets	7,003,285	3,948,786	3,006,000	930,560	289,151
Capital Assets-Net	377,782	134,860	93,306	114,038	134,770
Total Assets	7,381,067	4,083,646	3,099,306	1,044,598	423,921
Current Liabilities	627,660	142,570	923,031	37,216	275,979
Long Term Liabilities	0	0	0	0	0
Total Liabilities	627,660	142,570	923,031	37,216	275,979
Net Position	6,753,407	3,941,076	2,176,275	1,007,382	147,942
Total Revenue	25,736,494	16,652,707	11,755,351	7,576,660	3,641,743
Total Expenses	23,167,085	14,929,782	10,565,406	6,696,488	3,628,571
Change in Net Position	2,569,409	1,722,925	1,189,945	880,172	13,172
Depreciation	41,328	25,523	20,732	20,732	10,366
Principal Payments	0	0	0	0	0
Interest payments	0	0	0	0	0
Final average daily enrollment	1,167	961	712	212	75
March 30th budgeted Enrollment	1,167	961	712	212	75
Near term indicators	2022	2021	2020	2019	2018
CURRENT RATIO					
Unrestricted days cash	46	52	98	36	2.35
Enrollment variance	0%	0%	0%	0%	0%
Default	N/A	N/A	N/A	N/A	N/A
Total Margin	10	10.3	10.1	11.6	.3
Debt to Asset	N/A	N/A	N/A	N/A	N/A
Cash Flow	(429,134)	603,287	2,074,409	643,857	23,430
Debt Service Coverage Ratio	N/A	N/A	N/A	N/A	N/A

SINGLE AUDIT SECTION K

GERALD D. LONGO
CERTIFIED PUBLIC ACCOUNTANT
62 OLD QUEENS BLVD.
MANALAPAN, NEW JERSEY 07726-3648

TELEPHONE
732 446-4768

FAX
732 792-0868

EXHIBIT K-1

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

The Honorable Chairman and
Members of the Board of Trustees
College Achieve Paterson Charter School
County of Passaic
Paterson, New Jersey

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the College Achieve Paterson Charter School ("the Charter School"), in the County of Union, State of New Jersey, as of and for the fiscal year ending June 30, 2022, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued my report thereon, dated March 8, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my 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, I 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.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Licensed Public School Accountant No. 20CS00206400



Gerald D. Longo
Certified Public Accountant
March 8, 2023

GERALD D. LONGO
CERTIFIED PUBLIC ACCOUNTANT
62 OLD QUEENS BLVD.
MANALAPAN, NEW JERSEY 07726-3648

TELEPHONE
732 446-4768

FAX
732 792-0868

EXHIBIT K-2

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
NJ OMB 15-08**

The Honorable Chairman and
Members of the Board of Trustees
College Achieve Paterson Charter School
County of Passaic
Paterson, New Jersey

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

I have audited College Achieve Paterson Charter School's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of College Achieve Paterson Charter School's major Federal and State programs for the year ended June 30, 2022. College Achieve Paterson 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 my opinion, College Achieve Paterson Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal and State programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

I conducted my 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; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and NJ OMB Circular 15-08. My responsibilities under those standards, the Uniform Guidance and NJ OMB Circular 15-08, are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of College Achieve Paterson Charter School and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major Federal and State programs. My audit does not provide a legal determination

of College Achieve Paterson Charter School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

My 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 College Achieve Paterson Charter School's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance and NJ 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 College Achieve Paterson Charter School's compliance with the requirements of each major Federal and State programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance and NJ OMB Circular 15-08, I:

- 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 College Achieve Paterson Charter School's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of College Achieve Paterson Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJ OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of College Achieve Paterson Charter School's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I identified during the audit.

Other Matters

The results of my auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and NJ OMB Circular 15-08.

Report on Internal Control over Compliance

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

My 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 my audit I did not identify any deficiencies in internal control over compliance that I 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.

My 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 my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Licensed Public School Accountant No. 20CS00206400



Gerald D. Longo
Certified Public Accountant
March 8, 2023

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

Federal/Grantor Program Title	Federal Assistance Listing Number	Federal Award Identification Number	Grant Period	Award Amount	Balance July 1, 2021	Prior Carry-over	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Adjust	Deferred Revenue/ (Accounts Receivable) June 30, 2022	Due to State June 30, 2022
Enterprise Fund:												
U.S. Department of Agriculture												
Pass-Through Programs:												
Passed-Through New Jersey State Department of Agriculture												
National School Emergent	10.555	221NJ304N1099	07/01/21-06/30/22	42,727			42,727	42,727				
National School PEBT	10.649	221NJ304N1099	07/01/21-06/30/22	1,242		-	1,242	1,242				
National School Breakfast	10.553	211NJ304N1099	07/01/20-06/30/21	32,232	(3,833)		3,833					
National School Lunch	10.555	211NJ304N1099	07/01/20-06/30/21	64,551	(9,133)		9,133					
National School Breakfast	10.553	221NJ304N1099	07/01/21-06/30/22	125,853			113,758	125,853			(12,095)	
National School Lunch	10.555	221NJ304N1099	07/01/21-06/30/22	572,053			521,632	572,053			(50,421)	
Total Enterprise Fund/Total US Dept. of Agriculture Pass Through Programs					(12,966)	-	692,325	741,875			(62,516)	
U.S. Department of Education												
Pass-Through Programs:												
Passed-Through New Jersey State Department of Education												
Title I Part A	84.010	S010A200030	07/01/20-09/30/21	965,369	(88,085)		65,181	221,876			(244,780)	
Title I Part A	84.010	S010A210030	07/01/21-09/30/22	1,516,409			5,905	1,466,438			(1,460,533)	
Title III Part A	84.365	S365A190030	07/01/19-09/30/20	29,600	29,600						29,600	
Title III Immigrant	84.365	S365A210030	07/01/21-09/30/22	3,756				3,756			(3,756)	
Total ESEA					(58,485)	-	71,086	1,692,070			(1,679,469)	-
Special Education Cluster												
IDEA Part B	84.027A	H027A210100	07/01/20-09/30/21	175,470	(52,126)		52,126					
IDEA Pre-School	84.173A	H173A210114	07/01/21-09/30/22	3,734				3,734			(3,734)	
IDEA Part B	84.027A	H027A210100	07/01/21-09/30/22	278,518				278,518			(278,518)	
ARP IDEA Pre-School	84.173X	H173X210114	07/01/21-09/30/22	5,029			5,029	5,029				
ARP IDEA Part B	84.027X	H027X210100	07/01/21-09/30/22	59,443			39,908	59,443			(19,535)	
Total Special Education Cluster					(52,126)	-	97,063	346,724			(301,787)	-
Charter School Program Grant	84.282E		07/01/21-06/30/22	865,118			629,444	865,118			(235,674)	
Education Stabilization Fund												
Cares Act	84.425D	S425D200027	03/13/20-09/30/22	390,280	(310,558)		310,558					
CRRSA ESSER II	84.425D	S425D210027	03/13/20-09/30/23	1,987,123				1,441,414			(1,441,414)	
CRRSA Learning Acceleration	84.425D	S425D210027	03/13/20-09/30/23	127,524								
CRRSA Mental Health	84.425D	S425D210027	03/13/20-09/30/23	45,000								
ARP ESSER	84.425U	S425U210027	03/13/20-09/30/24	4,736,290								
Total Education Stabilization Fund					(310,558)		310,558	1,441,414			(1,441,414)	
Total Special Revenue/NJ Dept. of Education, Pass Through Programs												
					(421,169)	-	1,108,151	4,345,326			(3,658,344)	-
Total Expenditures of Federal Awards												
					\$ (434,135)	\$ -	\$ 1,800,476	\$ 5,087,201			\$ (3,720,860)	\$ -

See accompanying notes to schedules of expenditures of Federal and State award programs.

COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2022

<u>State Grantor/Program Title</u>	<u>Grant or State Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance</u> <u>44,378</u>	<u>Cash</u> <u>Received</u>	<u>Budgetary</u> <u>Expenditures</u>	<u>Prior Years'</u> <u>Balances</u>	<u>Adjustments</u>	<u>(Accts Rec)</u> <u>June 30,</u> <u>2022</u>
NJ DEPT. OF EDUCATION									
GENERAL FUND									
Equalization Aid - State	22-495-034-5120-078	7/1/21-06/30/22	17,777,771	\$ -	\$ 17,777,771	\$ 17,777,771			-
Special Education Aid	22-495-034-5120-089	7/1/21-06/30/22	385,031	-	385,031	385,031			-
Security Aid	22-495-034-5120-084	7/1/21-06/30/22	659,857	-	659,857	659,857			-
Reimbursed Social Security Tax	22-495-034-5094-003	7/1/21-06/30/22	318,391	-	318,391	318,391			-
On-Behalf-Teachers' Pension and Annuity Fund LT Disability	22-495-034-5094-004	7/1/21-06/30/22	1,081	-	1,081	1,081			-
On-Behalf-Teachers' Pension and Annuity Pension	22-495-034-5094-002	7/1/21-06/30/22	1,106,667	-	1,106,667	1,106,667			-
On-Behalf-Teachers' Pension Medical	22-495-034-5094-001	7/1/21-06/30/22	258,562	-	258,562	258,562			-
Total General Fund / Total State Department of Education				-	20,507,360	20,507,360			-
SPECIAL REVENUE FUND									
Emergent Needs and Capital Maintenance			59,005		59,005	59,005			-
Total Special Revenue Fund / School Development Authority				-	59,005	59,005			-
NJ STATE DEPT OF AGRICULTURE - DIRECT PROGRAMS									
ENTERPRISE FUND									
State School Lunch Program	21-100-010-3350-023	7/1/20-06/30/21	3,275	(647)	647	-			-
State School Lunch Program	22-100-010-3350-023	7/1/21-06/30/22	57,069	-	55,934	57,069			(1,135)
Total Enterprise Fund				(647)	56,581	57,069			(1,135)
Total State Financial Assistance				\$ (647)	\$ 20,622,946	\$ 20,623,434			\$ (1,135)
On-Behalf-Teachers' Pension and Annuity Fund LT Disability	22-495-034-5094-004	7/1/21-06/30/22			(1,081)	(1,081)			
On-Behalf-Teachers' Pension and Annuity Pension	22-495-034-5094-002	7/1/21-06/30/22			(1,106,667)	(1,106,667)			
On-Behalf-Teachers' Pension Medical	22-495-034-5094-001	7/1/21-06/30/22			(258,562)	(258,562)			
Less Amounts Not Subject to Single Audit On Behalf payments					(1,366,310)	(1,366,310)			-
Total State Financial Assistance Subject to State Single Audit				\$ (647)	\$ 19,256,636	\$ 19,257,124			\$ (1,135)

See accompanying notes to schedules of expenditures of Federal and State award programs.

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AND STATE ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1. GENERAL

The accompanying schedules present the activity of all federal and state assistance programs of the College Achieve Paterson Charter School. The Board of Trustees is defined in the Notes to the school's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal assistance and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis. The special revenue fund is presented in the accompanying schedules on the grant account budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to GAAP basis is \$-0-. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the school's basic financial statements on a GAAP basis as follows:

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AND STATE ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Federal	State	Total
General Fund	\$ -0-	\$20,507,360	\$20,507,360
Special Revenue Fund	4,345,326	59,005	4,404,331
Enterprise Fund	741,875	57,069	798,944
Total Awards and Financial Assistance	<u>\$5,087,201</u>	<u>\$20,623,434</u>	<u>\$25,710,635</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER INFORMATION

The TPAF Social Security Contributions of \$318,391 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.

The amount reported as TPAF Pension contributions of \$1,106,667, Post Retirement Medical Contributions of \$258,562 and \$1,081 LTD represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2022.

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

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

NOTE 7. DE MINIMIS INDIRECT COST RATE

The School has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
COUNTY OF PASSAIC, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

PART 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statement Section

Type of auditor’s report issued:	Unmodified	
	<u>YES</u>	<u>NO</u>
Internal control over financial reporting:		
Material weakness(es) identified:	X	
Significant deficiencies identified not considered to be material weakness(es)?	X	None Reported
Noncompliance material to financial statements noted?	X	

Federal Awards

Internal control over compliance:		
Material weakness(es) identified?	X	
Significant deficiencies identified not considered to be material weakness(es)?	X	
Type of auditor’s report on compliance for major programs:	Unmodified	None Reported
Any audit findings disclosed that are required to be Reported in accordance with 2CFR 200.156(A)?	X	

Identification of major programs:

<u>CDFA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	
84.425	Educational Stabilization Fund Cluster	
84.010	Title I Part A	
84.282E	Charter School Program Grant	
Dollar threshold used to distinguish between type A and type B programs		\$750,000
Auditee qualified as low risk auditee:		X

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
COUNTY OF PASSAIC, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

PART 1 – SUMMARY OF AUDITOR’S RESULTS (continued)

State Awards	<u>YES</u>	<u>NO</u>
Dollar threshold used to distinguish between type A and type B programs (.520)	\$750,000	
Auditee qualified as low risk auditee:	X	
Type of auditor’s report issued:	Unmodified	
Internal control over major programs:		
Material weakness(es) identified:		X
Significant deficiencies identified not considered to be material weakness(es)?	X	None Reported
Type of auditor’s report on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be Reported in accordance with NJOMB Circular Letter 15-08?		X
Identification of major programs:		
<u>CDFA Number(s)</u>	<u>Name of State Program or Cluster</u>	
22-495-034-5120-078	Equalization Aid	
22-495-034-5120-089	Special Education Aid	
22-495-034-5120-084	Security Aid	

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
COUNTY OF PASSAIC, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS

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 in accordance with Government Auditing Standards and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

No financial statement findings noted that are required to be reported under Government Auditing Standards.

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
COUNTY OF PASSAIC, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

PART III – SCHEDULE OF FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

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

No federal and state award findings and questioned costs noted that are required to be reported in accordance of The Uniform Guidance or with NJOMB Circular 15-08.

**COLLEGE ACHIEVE PATERSON CHARTER SCHOOL
SUMMARY OF SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Status of Prior Year Findings

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance (section .315(a)(b)) and New Jersey OMB's Circular 15-08.

In accordance with government auditing standards, my procedures included a review of all prior year recommendations. There were no prior year findings.