



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

**PREPARED BY
COMMUNITY CHARTER SCHOOL OF PATERSON**

COMMUNITY CHARTER SCHOOL OF PATERSON

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75 Spruce Street, Paterson, New Jersey 07501 * 973-413-2057

January 15, 2024

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

Dear Acting Commissioner Allen-McMillan:

We hereby submit the Annual Comprehensive Financial Report of the Community Charter School of Paterson (the “Charter School” or “CCSP”) for the fiscal year ended June 30, 2023.

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

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

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

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.

1) Reporting Entity and Its Services

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

The overarching mission of the Community Charter School of Paterson is together with families and community partners, we cultivate inclusive, high performing schools that prepare scholars to succeed in college, career, and beyond.

CCSP was founded by New Jersey Community Development Corporation (NJCDC), a non-profit community development and social service agency based in Paterson, along with a group of committed parents and community members. CCSP's charter school application was approved in 2007 and the School opened in September of 2008. The Charter School's original maximum enrollment was 500 students, with 100 students each in grades K-4. Starting from the school year 2012-2013, CCSP was approved to expand enrollment by 400 students to a total of 900 students through eighth grade. During the 2015-2016 school year, the Charter School reached the maximum capacity of 900 students. The Charter School currently operates in three locations; elementary grades K-4 (500 students) are based in a 34,000 square-foot former industrial building at 75 Spruce Street in Paterson's Great Falls Historic District. The Charter School's business office is housed on the second floor of a neighboring building at 32 Spruce Street constituting 12,000 square feet. As of June 2020, the Charter School occupied a new leased facility at 8-14 Morris Street in Paterson. It is a 60,000 square foot facility (with an ultra-modern kitchen and a brand new gymnasium) that now houses 400 students in grades 5 to 8.

The location of the Charter School within Paterson's Great Falls Historic District is of special note. Foremost, the area surrounding the Great Falls, located just one block from the School, was established as a National Park in 2011, which will, over time, bring substantial new resources to the area that will benefit our academic program. Already, there has been new open space created, with more underway, and a new educational-oriented Visitor's Center is in the planning stages.

The Charter School has completed its fourteenth year of service to the children and families of Paterson. By the end of this past school year, CCSP had a student enrollment of 885.

2) Enrollment Outlook

As the charter school enters the second year of its five-year renewal of kindergarten through eighth grade students, we serve almost 900 students.

We are excited to hopefully serve even more students soon, as in addition to the enrolled students, the number of students on CCSP's waiting lists (as of June 30th) for the 2023-2024 school year was 703.

The School has a diverse population reflective of the community at large. The following is the racial demographic breakdown:

Caucasian Students– 1.5%
African American Students – 36.6%
Hispanic Students – 60.7%
Asian Students – 1.2%

3) Economic Condition and Outlook

The Charter School is located in the City of Paterson in the County of Passaic, within the State of New Jersey. Paterson's population stands at 159,732 (2020 census) and is 32% African American; 58% Hispanic/Latino and 10% other races. Paterson is known as the "Silk City" for its dominant role in silk production during the latter half of the 19th century. The city is served by the New Jersey Transit Main Line commuter rail service, with the station located in Downtown Paterson. Bus service to locations in Passaic, Bergen, Essex and Hudson counties is provided by New Jersey Transit, making the city a regional transit hub.

The Paterson Public Schools serve students in kindergarten through twelfth grade. Paterson at present has six operating charter schools, one of which is CCSP. The district is one of former 31 Abbott districts statewide. The school system has over 25,000 students who speak over 50 different languages.

Paterson boasts numerous locations on the National Register of Historic Places, including museums, schools, public buildings, and churches. Paterson's rich history is best represented through the designation by President Obama in 2009 of the area surrounding the majestic Great Falls as a new national park, the Paterson Great Falls National Historical Park. The Park is located two blocks from our school, providing CCSP with an invaluable educational resource.

In 2022-2023 the City of Paterson continued to experience financial hardships common to urban municipalities in New Jersey including high unemployment, violence and high rates of poverty. However, the new national park holds great promise to serve as a catalyst for significant economic development and tourism, enabling Paterson to dramatically improve both its financial condition and the opportunities it is able to offer its residents and visitors alike.

4) **Major Initiatives**

The Community Charter School of Paterson has new executive leadership with the charge of reengineering academic, culture, and operations processes to grow, scale, and promote our vision and mission. CCSP has one major initiative this year: to improve academic outcomes.

At the heart of improved academic outcomes lies the quality of teaching. This year, we have created an instructional arc of the year that allows teachers and leaders to have clarity and alignment on effective pedagogy, including engaging instructional methods, clear communication, and student-centered approaches, which play a vital role in fostering a positive learning environment to achieve academic growth and achievement.

Paired with the instructional arc for instructional practices, the school has invested in professional development for all instructional staff. CCSP has a system of professional development that provides leaders and teachers with valuable adaptive and technical tools to improve their instructional practices. In the current year, CCSP has continued its partnership with the professional learning organization Lavinia Group (LG), a national organization with a track record of supporting schools to improve academic growth and achievement on standardized exams. LG provides specific and targeted instructional training for leaders on coaching teachers and on instructional methods to differentiate. Professional development takes place weekly for all staff and leaders. Additionally, teachers engage in professional development each week through grade-level or content team meetings that center student work and lesson internalization.

Moreover, to support the initiative to improve academic outcomes, this year, CCSP has increased instructional leadership on our elementary and middle school campuses; specifically, each campus has a School Leader, Dean, and two Assistant Principals. The added leadership capacity allows for increased observation of our academic program and feedback cycles to teachers, including student work and data analysis of student proficiency levels of standards. This year, the school has adopted Torsh, a digital platform to track all feedback exchanged across stakeholders. It allows teachers and leaders to video record their practice and use specific observation rubrics to self-reflect on their instructional practice.

As the school leverages the ever-changing digital world, the integration of technology in education has become a powerful catalyst for improved academic outcomes. This school year, CCSP has developed intervention blocks during the school day that leverage personalized instruction for students via a nationally renowned program, i-Ready, which provides normative – and criteria-referenced data as well as personalized learning plans based on student diagnostic performance. This year the students will take the adaptive diagnostic three times to allow the school to monitor and track student growth and achievement on grade level standards. Each week, leaders and teachers analyze data, set goals, and conference with students on learning wins and gaps through small group instruction and reteaching. CCSP has also partnered with Edulastic, a digital platform to administer assessments and receive student scores in real-time. Leaders and teachers at CCSP continuously use data to drive instruction and monitor the quality of student learning.

4) **Major Initiatives** - *continued*

Lastly, in full focus on improving academic outcomes, we continue to provide after-school and Saturday tutoring to provide targeted instruction to students' needs. Our tutoring instruction provides personalized learning and individual attention based on student proficiency data and student work. Additionally, tutoring is leveraged to provide opportunities for mentorship and confidence-building for our students. Furthermore, CCSP has partnered with Tutor by Teachers to provide small group tutoring to 3rd and 4th-grade students through the small group tutoring grant from NJDOE. Additionally, CCSP has leveraged funds to hire small group tutors to support students in grades 5-8 in ELA and Math during the school day.

5) **Internal Accounting Controls**

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

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

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

6) Budgetary Controls

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with the statutory requirements of charter school budgets. Annual appropriated budgets are adopted for general and special revenue funds. The final budget amount, as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as re-appropriations of fund balance in the subsequent year. No reservation of fund balance was made at June 30, 2023.

During the 2022-2023 fiscal school, the Charter School continued its efforts to improve its audit status and operational processes and procedures, correcting deficiencies identified in previous audits and reviews and on maintaining general compliance with sound fiscal practices.

7) Accounting System and Report

The Charter School's accounting records reflect generally accepted accounting principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting records also reflect New Jersey State Statute (N.J.S.A 18:4-14) that requires a uniform system of double-entry bookkeeping consistent with the GAAP established by GASB for us in all school districts and charter school.

The accounting system is organized on the basis of funds in accordance with the Uniform Charter of Accounts (Handbook 2R2) for New Jersey Public Schools. These funds are explained in "Notes to the Financial Statements", Note 1.

8) Financial Statement Information at Fiscal Year-End

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund, and Special revenue funds for the fiscal year ended June 30, 2023 fiscal year:

Summary of the General Fund and Special Revenue Fund Revenues				
Revenue	2023	2022	Increase/ (decrease)	% Change
Local sources	\$ 1,663,789	\$ 1,504,336	\$ 159,453	10.60%
State sources	14,961,331	15,214,256	(252,925)	-1.66%
Federal sources	4,930,932	3,207,404	1,723,528	53.74%
PPP loan forgiven	-	1,897,040	(1,897,040)	100%
	<u>\$ 21,556,052</u>	<u>\$ 21,823,036</u>	<u>\$ (266,984)</u>	<u>-1.22%</u>

The Charter School experienced an insignificant decrease in revenue of 1.22%. The insignificant decrease was due to the forgiveness of Paycheck Protection Program loan in the prior year 2021-2022.

The following schedule presents a summary of general fund and special revenue expenditures for the fiscal year ended June 30, 2023:

Summary of the General Fund and Special Revenue Fund Expenditures				
Expenditures	2023	2022	Increase/ (decrease)	% Change
Instruction	\$ 5,691,114	\$ 5,505,771	\$ 185,343	3.37%
Administrative	6,284,411	7,694,071	(1,409,660)	-18.32%
Support	7,348,956	5,500,037	1,848,919	33.62%
Capital outlay	49,003	537,459	(488,456)	-90.88%
	<u>\$ 19,373,484</u>	<u>\$ 19,237,338</u>	<u>\$ 136,146</u>	<u>0.71%</u>

The Charter School experienced virtually no change in expenditures in 2022-2023 in comparison to 2021-2022.

9) **Cash Management**

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

10) **Risk Management**

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

11) **Other Information**

Independent Audit

State statute requires an annual audit by independent Certified Public Accountants or registered Municipal Accountants. The Charter School appointed the accounting firm of Gerald D. Longo, CPA.

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

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

The school year 2022-2023 was marked by increased levels of parental and community involvement as the Charter School moved further towards its objective of becoming a true Community School. Lastly, the Charter School continues to enjoy a strong financial position through careful stewardship of its resources. The next school year promises to be one that builds upon these successes with additional progress in all areas of the School’s operations, and particularly in the area of student achievement.

12) Anti-Bullying

On January 5, 2010, the former Governor Chris Christie signed into law P.L. 2010, Chapter 122 known as the Anti-Bullying Bill of Rights. The Anti-Bullying Bill of Rights Act (“Act”) requires initial and on-going training for all staff members, Anti-Bullying Specialists, Anti-Bullying Coordinators, administrative staff and Board Members. N.J.S.A. 18A:37-22(d) requires every teacher to complete at least two hours of instruction on harassment, intimidation, and bullying prevention in each professional development period. During 2022-2023, on-going training was provided for harassment, intimidation and bullying prevention to comply with the training requirements of the Act.

13) Acknowledgments

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

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

Respectfully submitted,

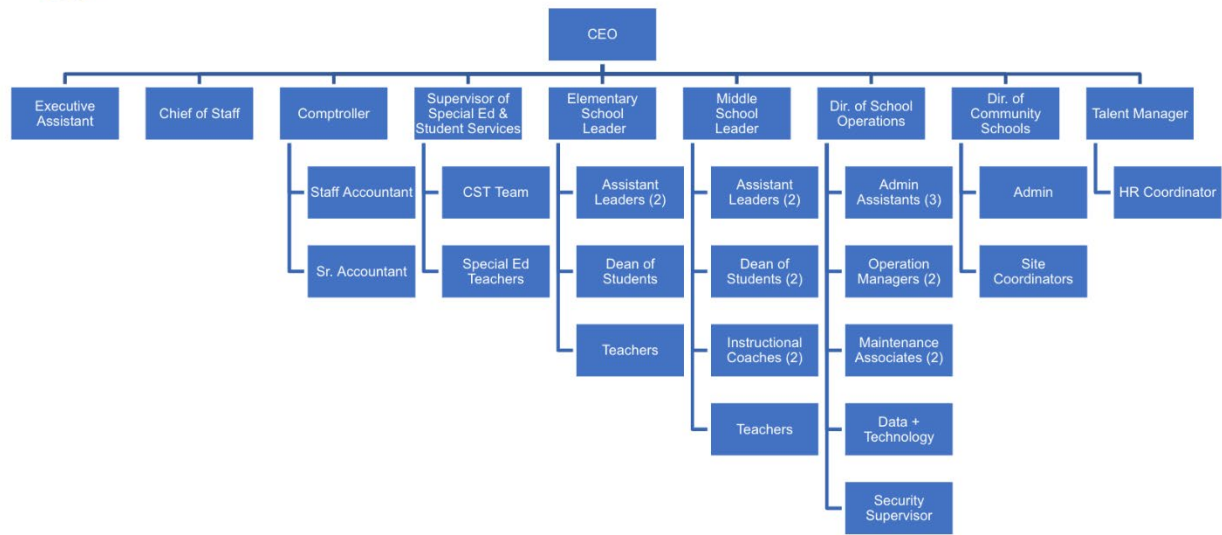
Ira Griffith

Ira Griffith
Chief Executive Officer/Chief Advocate

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CCSP Org Chart 2023-2024



COMMUNITY CHARTER SCHOOL OF PATERSON
ROSTER OF TRUSTEES AND OFFICERS

June 30, 2023

Members of Board of Trustees

Michael De Blasio, Board President

Tiffany McBride, Vice President

David Gelman, Board Member

Sophia Sample, Board Member

Boris Zaydel, Board Member

Shana Manradge, Board Member

Marqweesha Guthrie, Board Member

Administration

Ira Griffith, Chief Executive Officer/Chief Advocate – Starting July 2023

Curtis Palmore, Chief Executive Officer/Chief Advocate through June 2023

Dr. Makeba McCray, Director of Instructional Technology and Assessment – Through September 2023

Olugbenga Olabintan, CPA – School Business Administrator/Fiscal Consultant

Craig Smith, School Business Administrator/Chief Operations Officer – through September 2023

Sandra Orozco, Comptroller

Flavio Rivera, Treasurer of School Monies

COMMUNITY CHARTER SCHOOL OF PATERSON

Consultants and Advisors

Independent Auditors

Gerald D. Longo
Certified Public Accountant/Consultant
62 Old Queens Boulevard
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Attorney

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Financial Section

GERALD D. LONGO

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Independent Auditor's Report

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

Report on the Audit of Financial Statements

Opinion

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Board of Trustees of the Community Charter School of Paterson, (the "Charter School") as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Charter School as of June 30, 2023, and the respective changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 the audit requirements prescribed by the *Office of School Finance, Department of Education, State of New Jersey*. My responsibilities under those standards 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 Charter School and to meet my other ethical responsibilities, in accordance with the 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 audit opinions.

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 misstatements, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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 opinion. 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 (GAAS), *Government Auditing Standards* and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, I:

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and other postemployment benefits 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.

Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards 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 (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Charter School. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, financial schedules and statistical section 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 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 January 15, 2024 on my consideration of the 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 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 Charter School's internal control over financial reporting and compliance.

Gerald D. Longo, CPA

January 15, 2024
Manalapan, New Jersey

GERALD D. LONGO, CPA



Gerald D. Longo, CPA
Licensed Public School Accountant
No. 20CS00206400

Required Supplementary Information

Part I

Management's Discussion and Analysis

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

COMMUNITY CHARTER SCHOOL OF PATERSON
Management's Discussion and Analysis
Year Ended June 30, 2023
(Unaudited)

Introduction

This section of the Community Charter School of Paterson's annual financial report presents our discussion and analysis of the Charter School's financial performance and provides an overview of the Charter School's financial activities for the fiscal year ended June 30, 2023. It should be read in conjunction with the transmittal letter at the front of this report and the Charter School's financial statements, which follow this section.

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

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- Net position of governmental activities ended the fiscal year with \$7,125,178. Net position of business-type activities, which represent food service operations/after care and summer instructional programs, ended the fiscal year with \$236,788.
- General revenues accounted for \$16,526,419 in revenue or 74 percent of total revenues of \$22,485,280. Program specific revenues, in the form of charges for services, grants, and contributions accounted for \$5,958,861 or 26 percent of total revenues.
- The Charter School had \$19,973,973 in expenses related to governmental activities; \$5,053,605 of these expenses is offset by operating grants and contributions. General revenues (primarily state aid) of \$16,526,419 helped to provide for the balance of these programs.
- The General Fund reported fund surplus at June 30, 2023, of \$10,413,985 of which \$4,000,000 was designated by a June 30, 2022 board resolution for future capital expenditures.

COMMUNITY CHARTER SCHOOL OF PATERSON
Management's Discussion and Analysis
Year Ended June 30, 2023
(Unaudited)

Using the Basic Financial Statements

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

The report is organized so the reader can understand the Community Charter School of Paterson as a financial whole, or as an entire operating entity. The first two basic financial Statements, the Statement of Net Position and the Statement of Activities, are governmental-wide financial statements and provide overall information about the activities of the entire Charter School, presenting both an aggregate view of the Charter School's finances and a long-term view of those finances. The remaining basic financial statements are fund financial statements that focus on the individual parts of the government, reporting the Charter School's operation in more detail than the government-wide statements. The fund financial statements also look at the Charter School's most significant funds with all other non-major funds presented in total in a single column. For the Community Charter School of Paterson, the General Fund is the most significant fund.

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

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

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

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

Reporting the Charter School as a Whole

Statement of Net Position and Statements of Activities

While this report contains the fund used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and asks the question, "how did we do financially during fiscal year 2023?" The statements of Net Position and the Statement of Activities answer this question. These Statements include all the Charter School's assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

COMMUNITY CHARTER SCHOOL OF PATERSON
Management's Discussion and Analysis
Year Ended June 30, 2023
(Unaudited)

Statement of Net Position and Statement of Activities-continued

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

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

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

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

COMMUNITY CHARTER SCHOOL OF PATERSON
Management's Discussion and Analysis
Year Ended June 30, 2023
(Unaudited)

Enterprise Fund

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

The Charter School as a Whole

The perspective of the Statement of Net Position is of the Charter School as a whole. Net position may serve over time as useful indicator of a government's financial position. In the case of the Charter School, assets exceeded liabilities by \$7,361,966 at the close of 2023. The following table provides a summary of net position relating to the Charter School's governmental and business type activities:

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current assets	\$ 11,870,514	\$ 9,470,897	\$ 106,908	\$ 263,211	\$ 11,977,422	\$ 9,734,108
Capital assets, net	2,788,058	3,165,307	139,671	159,624	2,927,729	3,324,931
Right-of-use assets - net	19,392,016	20,780,677			19,392,016	20,780,677
Deferred outflows of resources	1,249,515	1,592,965	-	-	1,249,515	1,592,965
Total Assets	35,300,103	35,009,846	246,579	422,835	35,546,682	35,432,681
Liabilities						
Current liabilities	1,398,136	1,181,087	9,791	39,389	1,407,927	1,220,476
Long term liabilities	3,495,130	2,573,379	-	-	3,495,130	2,573,379
Lease liabilities	21,735,815	22,803,991			21,735,815	22,803,991
Deferred inflows of resources	1,545,844	2,932,262	-	-	1,545,844	2,932,262
Total Liabilities	28,174,925	29,490,719	9,791	39,389	28,184,716	29,530,108
Net position						
Invested in						
Capital assets			-	-		
(net of related debt)	2,788,058	3,165,307	139,671	159,624	2,927,729	3,324,931
Right-of-use assets					-	-
(net of related debt)	(2,343,799)	(2,023,314)	-	-	(2,343,799)	(2,023,314)
Restricted - student activity	58,393	82,365	-	-	58,393	82,365
Restricted - board designated	4,000,000	4,000,000	-	-	4,000,000	4,000,000
Unrestricted	2,622,526	294,769	97,117	223,822	2,719,643	518,591
Total net position	\$ 7,125,178	\$ 5,519,127	\$ 236,788	\$ 383,446	\$ 7,361,966	\$ 5,902,573

COMMUNITY CHARTER SCHOOL OF PATERSON
Management's Discussion and Analysis
Year Ended June 30, 2023
(Unaudited)

The largest portion of the Charter School's net position is its current assets. The Charter School uses these current assets to provide services. The total net position of the Charter School increased by \$1,459,393 during the current fiscal year ended June 30, 2023. The majority of the increase is attributable to an increase of 1,606,051 in the Governmental Activities net position.

The table that follows reflects the change in net position for fiscal year 2023.

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charge for services			\$102,302	\$0	\$102,302	\$0
Operating grants and contributions	\$5,053,605	\$3,311,727	-	-	-	-
Total program revenues	5,053,605	3,311,727	802,954	779,962	5,856,559	4,091,689
General revenues:						
Local aid	1,544,223	1,437,612	-	-	1,544,223	1,437,612
Federal and state aid	14,912,328	15,139,932	-	-	14,912,328	15,139,932
Miscellaneous	69,868	32,277	-	-	69,868	32,277
Transfers	-	-	-	-	-	-
Special items	-	1,897,040	-	-	-	1,897,040
Total general revenues	16,526,419	18,506,861	-	-	16,526,419	18,506,861
Total revenues	21,580,024	21,818,588	905,256	779,962	22,485,280	22,598,550
Expenses:						
Instructions	5,691,114	5,505,771	-	-	5,691,114	5,505,771
Administrative & support services	12,467,945	14,252,433	-	-	12,467,945	14,252,433
Unallocated depreciation	426,253	422,387	-	-	426,253	422,387
Unallocated amortization	1,388,661	-	-	-	1,388,661	-
Food service	-	-	1,051,914	796,146	1,051,914	796,146
Total expenses	19,973,973	20,180,591	1,051,914	796,146	21,025,887	20,976,737
Change in net position	\$ 1,606,051	\$ 1,637,997	\$ (146,658)	\$ (16,184)	\$ 1,459,393	\$ 1,621,813

Governmental Activities

The Statement of Activities reflects the cost of program services and the charges for services and operating grants and contributions offsetting those services. The table below, for government activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by unrestricted state entitlements for the fiscal year ended June 30, 2023.

COMMUNITY CHARTER SCHOOL OF PATERSON
Management's Discussion and Analysis
Year Ended June 30, 2023
(Unaudited)

Governmental Activities - *continued*

	Total Cost of Services	Net Cost of Services
Instruction	\$ 5,691,114	\$ 3,060,991
Administrative & support services	12,467,945	10,093,466
Capital outlay	-	(49,003)
Unallocated depreciation and amortization	1,814,914	1,814,914
Total expenses	<u>\$ 19,973,973</u>	<u>\$ 14,920,368</u>

Business-Type Activity

The business-type activity of the Charter School consists of the food service operation. This program had revenues of \$905,256, operating expenses of \$1,051,914 and a current year deficit of \$146,658 for fiscal year 2023. The current year's deficit was adequately covered by the prior years' accumulated fund balance of \$383,446. The Charter School intended to have food services be self-operating without assistance from the General Fund.

The Charter School's Funds

The Charter School's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues of \$21,556,052 and expenditures of \$19,373,484, with a positive change in fund balance of \$2,182,568. The positive change in fund balance was due to significant increase in federal grants.

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

During the course of fiscal 2023, the Charter School amended its General Fund budget as needed. The Charter School uses state-aid and other revenue-based budget. The budgeting systems are designed to tightly control total budget, but provide flexibility for Charter School's management team.

For the General Fund, final budgeted revenues were \$15,226,471, which included a local tax levy of \$1,544,223. Expenditures and other financing uses were budgeted at \$14,587,154. The Charter School anticipated budgeted fund balance of \$8,846,762 in its 2022-2023 budget year.

COMMUNITY CHARTER SCHOOL OF PATERSON
Management's Discussion and Analysis
Year Ended June 30, 2023
(Unaudited)

The State of New Jersey reimbursed the Charter School \$267,956 during the year ended June 30, 2023 for the employer's share of social security contributions for TPAF members. The State also paid \$2,169,750 into the TPAF pension representing on-behalf employer's portion of the Pension System Contributions, Post-Retirement Medical Benefits Contributions and Long-Term Disability Insurance Premium Contributions. These unbudgeted amounts were included in both revenues and expenditures.

Capital Assets

At the end of fiscal year 2023, the Charter School had \$2,788,058 invested in capital assets in its governmental activities.

The Charter School's 2023-2024 budget projects spending approximately \$200,000 for capital projects.

Long-term Liabilities

The Charter School had \$3,495,130 and \$2,573,379 at June 30, 2023 and 2022, respectively, in net pension liability regarding the Public Employees Retirement System. More detailed information about the Charter School's long term obligations is presented in the notes to the financial statements.

Economic Factors and Next Year's Budget

The State of New Jersey and indeed the entire United States continue to face serious budgetary constraints and a result of the sharp downturn in the economy. These impact the amount of state and federal aids allocated to charter schools. This reality was taken into account when adopting the general fund budget for 2023-2024. Nothing was done to compromise the quality of the programs in place in our Charter School during the regular instructional day. The budget was prepared to ensure that all students have the textbooks, materials, supplies, equipment and programs they need to meet New Jersey's Core Curriculum Content Standards. The budget was adopted with a redirection of funds to maintain the quality of the regular school day.

COMMUNITY CHARTER SCHOOL OF PATERSON
Management's Discussion and Analysis
Year Ended June 30, 2023
(Unaudited)

COVID-19

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 21, 2020, New Jersey State Governor Phil Murphy ordered the closure of the physical location of every “non-life sustaining” and “non-essential” business for what may be an extended period of time. The Charter School had to close its physical locations. Future potential impacts may include continued disruptions or restrictions on its employees’ ability to work and impairment of its ability to obtain grants and contributions. Though the impact on the Charter School’s operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund and other state aid and the local tax levy. Nonetheless, the degree of any future impact to the Charter School's operations and finances is difficult to predict due to the dynamic nature of the COVID-19 pandemic and any additional actions that may be taken by governmental and other health care authorities to manage the COVID-19 pandemic.

To date, the overall finances and operations of the Charter School have not been materially adversely affected by the COVID-19 pandemic.

Contacting the Charter School’s Financial Management

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

COMMUNITY CHARTER SCHOOL OF PATERSON
Business Office
75 Spruce Street
Paterson, New Jersey 07501
Tel: (973) 413-2057

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the Charter School's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the Year Ended June 30, 2023.

COMMUNITY CHARTER SCHOOL OF PATERSON

A-1

Statement of Net Position

June 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 9,468,900	\$ 527,550	\$ 9,996,450
Restricted cash - escrow	76,931	-	76,931
Accounts receivable	1,761,846	52,195	1,814,041
Other current assets	90,000	-	90,000
Interfund receivables	472,837	(472,837)	-
Capital assets (net of accumulated depreciation of \$3,609,835)	2,788,058	139,671	2,927,729
Right-of-use lease asset, (net of accumulated amortization of \$7,744,722)	19,392,016	-	19,392,016
Total assets	34,050,588	246,579	34,297,167
Deferred outflows of resources			
Pension deferred outflows	1,249,515	-	1,249,515
Total assets and deferred outflows of resources	\$ 35,300,103	\$ 246,579	\$ 35,546,682
Liabilities			
Accounts payable	\$ 1,139,117	\$ 9,791	\$ 1,148,908
Intergovernmental payables - state and federal	61,419	-	61,419
Deferred revenue	137,918	-	137,918
Interfunds payables	-	-	-
Payroll deductions and withholdings payable	59,682	-	59,682
Net pension liability	3,495,130	-	3,495,130
Lease liabilities	21,735,815	-	21,735,815
Total liabilities	26,629,081	9,791	26,638,872
Deferred inflows of resources			
Pension deferred inflows	1,545,844	-	1,545,844
Total liabilities and deferred inflows of resources	28,174,925	9,791	28,184,716
Net position			
Invested in capital assets	2,788,058	139,671	2,927,729
Invested in right-of-use assets	(2,343,799)	-	(2,343,799)
Restricted - student activity	58,393	-	58,393
Restricted - board designated for future capital expenditures	4,000,000	-	4,000,000
Unrestricted, undesignated	2,622,526	97,117	2,719,643
Total net position (Note 18)	7,125,178	236,788	7,361,966
Total liabilities, deferred inflows & net position	\$ 35,300,103	\$ 246,579	\$ 35,546,682

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

COMMUNITY CHARTER SCHOOL OF PATERSON

A-2

Statement of Activities

Year ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction:						
Regular	\$ 5,691,114	\$ -	\$ 2,630,123	\$ (3,060,991)	\$ -	\$ (3,060,991)
Administrative & support services:						
	-	-	-	-	-	-
General administration	5,118,989	-	-	(5,118,989)	-	(5,118,989)
Support services	7,348,956	-	2,374,479	(4,974,477)	-	(4,974,477)
Capital outlay	-	-	49,003	49,003	-	49,003
Unallocated depreciation	426,253	-	-	(426,253)	-	(426,253)
Unallocated amortization	1,388,661	-	-	(1,388,661)	-	(1,388,661)
Total governmental activities	19,973,973	-	5,053,605	(14,920,368)	-	(14,920,368)
Business-type activities:						
Food service	1,051,914	102,302	802,954	-	(146,658)	(146,658)
After care/summer programs	-	-	-	-	-	-
Total business-type activities	1,051,914	102,302	802,954	-	(146,658)	(146,658)
Total primary government	\$ 21,025,887	\$ 102,302	\$ 5,856,559	(14,920,368)	(146,658)	(15,067,026)
General revenues, transfers and special items:						
Local sources				1,544,223	-	1,544,223
State sources				14,912,328	-	14,912,328
Federal sources				-	-	-
Miscellaneous				69,868	-	69,868
Special item - Paycheck Protection Program loan forgiven				-	-	-
Total general revenues, transfers and special items				16,526,419	-	16,526,419
Change in net position				1,606,051	(146,658)	1,459,393
Net position - beginning				5,519,127	351,483	5,870,610
Net position - ending				\$ 7,125,178	\$ 204,825	\$ 7,330,003

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

Funds Financial Statements

Governmental Funds

COMMUNITY CHARTER SCHOOL OF PATERSON
Governmental Funds

B-1

Balance Sheet

June 30, 2023

	General Fund	Special Revenue Fund	Totals Governmental Funds
Assets			
Cash and cash equivalents	\$ 9,850,883	\$ (381,983)	\$ 9,468,900
Restricted cash in escrow	76,931		76,931
Accounts receivable:	-	-	-
State	26,296	49,003	75,299
Federal	-	1,602,597	1,602,597
Other	83,950	-	83,950
Other current assets	90,000	-	90,000
Interfund receivable	1,460,754	-	1,460,754
Total assets	<u>\$ 11,588,814</u>	<u>\$ 1,269,617</u>	<u>\$ 12,858,431</u>
Liabilities and Fund Balances			
Interfund payables	\$ -	\$ 987,917	\$ 987,917
Accounts payables	1,053,728	85,389	1,139,117
Intergovernmental payables - federal	-	-	-
Intergovernmental payables - state	-	-	-
Intergovernmental payables - other	61,419	-	61,419
Payroll deductions and withholdings payable	59,682	-	59,682
Deferred revenue	-	137,918	137,918
Total liabilities	<u>1,174,829</u>	<u>1,211,224</u>	<u>2,386,053</u>
 Fund balances:			-
Restricted:			-
Board designated/Student activities	4,000,000	58,393	4,058,393
Unreserved:			-
Undesignated	6,413,985	-	6,413,985
Total fund balances	<u>10,413,985</u>	<u>58,393</u>	<u>10,472,378</u>
Total liabilities and fund balances	<u>\$ 11,588,814</u>	<u>\$ 1,269,617</u>	
 Amounts reported for governmental activities in the statement of net position (A-1) are different because:			
 Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:			
Cost of capital assets	\$ 6,338,034		
Accumulated depreciation	(3,549,976)		
Cost of capital assets, net of accumulated depreciation	<u>\$ 2,788,058</u>		2,788,058
 Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 7)			1,249,515
 Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)			(1,545,844)
 Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)			(3,495,130)
 Right-to-use assets used in governmental activities are not financial resources and therefore are not reported in the funds (see Note 4):			
Cost of right-to-use assets	\$ 27,136,738		
Accumulated amortization	(7,744,722)		
Cost of right-to-use assets, net of accumulated amortization	<u>\$ 19,392,016</u>		19,392,016
 Lease liabilities used in governmental activities are not financial resources and therefore are not reported in the funds (see Note 5).			(21,735,815)
 Net position of governmental activities - A-1			<u>\$ 7,125,178</u>

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

COMMUNITY CHARTER SCHOOL OF PATERSON
Governmental Funds

B-2

Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Revenues:			
Local sources:			
Local tax levy	\$ 1,544,223	\$ -	\$ 1,544,223
Miscellaneous	69,868	49,698	119,566
Total revenues - local sources	<u>1,614,091</u>	<u>49,698</u>	<u>1,663,789</u>
Federal sources	-	4,930,932	4,930,932
State sources	12,474,622	49,003	12,523,625
Reimbursed TPAF-Social Security (non-budgeted)	267,956	-	267,956
TPAF pension and post retirement medical and long-term disability	-	-	-
premium benefits on-behalf payments (non-budgeted)	<u>2,169,750</u>	<u>-</u>	<u>2,169,750</u>
Total revenues	<u>16,526,419</u>	<u>5,029,633</u>	<u>21,556,052</u>
 Current expense:			
Instruction	3,060,991	2,630,123	5,691,114
Administrative	3,846,705	-	3,846,705
Support services	4,974,477	2,374,479	7,348,956
Capital outlay	-	49,003	49,003
Reimbursed and on-behalf payments:	-	-	-
Reimbursed TPAF-Social Security (non-budgeted)	267,956	-	267,956
TPAF pension and post retirement medical	-	-	-
benefits on-behalf payments (non-budgeted)	<u>2,169,750</u>	<u>-</u>	<u>2,169,750</u>
Total expenditures	<u>14,319,879</u>	<u>5,053,605</u>	<u>19,373,484</u>
Excess (deficiency) of revenues			
over (under) expenditures before special item	2,206,540	(23,972)	2,182,568
Special item:			
Forgiveness of Paycheck Protection Program (PPP) loan	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues			
over (under) expenditures after special item	2,206,540	(23,972)	2,182,568
Fund balances, beginning of year	<u>8,207,445</u>	<u>82,365</u>	<u>8,289,810</u>
Fund balances, end of year	<u>\$ 10,413,985</u>	<u>\$ 58,393</u>	<u>\$ 10,472,378</u>

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

COMMUNITY CHARTER SCHOOL OF PATERSON
Reconciliation of the Statement of Revenues, Expenditures
And Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year ended June 30, 2023

B-3

Total net change in fund balances - governmental funds (B-2) \$ 2,182,568

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

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

Depreciation expense	\$ (426,253)	
Capital outlays	<u>49,003</u>	
		(377,250)

Adoption of GASB 87 resulted in an increase in right-to-use lease assets offset by the current year amortization of the right-to-use assets, allocated over the term of the leases

Amortization expense	(1,388,661)
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Adoption of GASB 87 resulted in an increase in lease liabilities offset by the current year principal payments on lease liabilities. Principal payments on lease liabilities decrease liabilities in the statement of net position, but are included in the governmental funds as expenses

Principal payments	1,068,176
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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

121,218

Change in net position of governmental activities (A-2)	\$ 1,606,051
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See independent auditor's report and accompanying notes to basic financial statements.

Proprietary Funds

COMMUNITY CHARTER SCHOOL OF PATERSON
Proprietary Funds

B-4

Statement of Net Position

June 30, 2023

Assets

Current assets:

Cash and cash equivalents	\$ 527,550
Accounts receivable:	-
Federal	50,973
State	1,222
Interfund receivable - general fund	(472,837)
Total current assets	<u>\$ 106,908</u>

Noncurrent assets:

Machinery and equipment	199,530
Less: accumulated depreciation	(59,859)
Total noncurrent assets	<u>139,671</u>

Total assets	<u><u>246,579</u></u>
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Liabilities

Current liabilities:

Interfund payable - general fund	\$ -
Accounts payable	9,791
Total current liabilities	<u>\$ 9,791</u>

Net position

Unrestricted	236,788
Total net position	<u><u>\$ 236,788</u></u>

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

COMMUNITY CHARTER SCHOOL OF PATERSON
Proprietary Funds

B-5

Statement of Revenues, Expenditures and Changes in Net Position

Year ended June 30, 2023

Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ -
Daily sales - nonreimbursable programs	-
Miscellaneous revenue	102,302
Total operating revenues	<u>102,302</u>
Operating expenses:	
Cost of sales - reimbursable programs	706,365
Cost of sales - nonreimbursable programs	-
Salaries	291,992
Employee benefits	33,604
Professional /technical service	-
Supplies and materials	-
Depreciation	19,953
Miscellaneous	-
Total operating expenses	<u>1,051,914</u>
Operating income (loss)	<u>(949,612)</u>
Nonoperating revenues:	
State sources:	
State School Breakfast Program - After Bell	7,804
State School Lunch Program	9,450
Federal sources:	-
National School Lunch Program	531,029
National School Breakfast Program	184,955
After School Snacks	58,698
Healthy, Hunger Free Kids Act	11,018
Total nonoperating revenues	<u>802,954</u>
Net income/(loss) before contributions & transfers	(146,658)
Other financing sources:	
Transfer in/(out) - board contribution	<u>-</u>
	<u>-</u>
Change in net position	(146,658)
Total net position-beginning of year	<u>383,446</u>
Total net position-end of year	<u><u>\$ 236,788</u></u>

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

COMMUNITY CHARTER SCHOOL OF PATERSON
Proprietary Fund

B-6

Statement of Cash Flows

Year ended June 30, 2023

Cash flows from operating activities

Operating loss	\$ (949,612)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	19,953
Changes in assets and liabilities:	
Accounts receivable	27,638
Due to/(from) general fund	497,368
Accounts payable	(29,598)
Net cash used in operating activities	<u>(434,251)</u>

Cash flows from noncapital financing activities

Cash received from state reimbursements	17,254
Cash received from federal reimbursements	785,700
Operating subsidies and transfers from other funds	-
Net cash provided by noncapital financing activities	<u>802,954</u>

Cash flows from investing activities

Purchase of kitchen equipment	-
Net cash used in investing activities	<u>-</u>
	-
Net decrease in cash and cash equivalents	368,703
Cash and cash equivalents, beginning	158,847
Cash and cash equivalents, ending	<u>\$ 527,550</u>

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

**Fiduciary Funds
Not Applicable**

Notes to Basic Financial Statements

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

1 Description of the Charter School and Reporting Entity

Community Charter School of Paterson (the “Charter School” was incorporated in the State of New Jersey on September 27, 2007 as a non-for-profit corporation for the purpose of operating and maintaining a public school under a charter granted by the State of New Jersey, which promotes comprehensive educational reform by infusing innovation into the public education system. It is an instrumentality of the State of New Jersey, established to function as an education institution. The Charter School’s Board of Trustees (the Board) is responsible for the fiscal control of the Charter School. A Chief Executive Officer (CEO) is appointed by Board and is responsible for the administrative control of the Charter School. Under the existing the statutes, the Charter School’s duties and powers include, but not limited to the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

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

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

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

2 Summary of Significant Accounting Policies

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

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

A Basis of Presentation

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

Charter School Government-wide Financial Statements

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

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

2 Summary of Significant Accounting Policies - continued

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

Fund Financial Statements

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

B Fund Accounting

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

Governmental Funds

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

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

2 Summary of Significant Accounting Policies - *continued*

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

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

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2023 there was no Capital Projects Fund.

Proprietary Funds

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

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

2 Summary of Significant Accounting Policies - *continued*

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

Fiduciary Funds

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

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

GASB Statement No 84 Fiduciary Activities – As of the year ended June 30, 2023, there was no Fiduciary Fund due to the adoption of GASB Statement 84, Fiduciary Activities.

C Measurement Focus and Basis of Accounting

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

Measurement Focus

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

2 Summary of Significant Accounting Policies - *continued*

All proprietary funds are accounted for on a flow economic resources measurement focus. With this measurement focus, the accounting 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.

Basis of Accounting

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

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

D Budgets/Budgetary Control

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

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

2 Summary of Significant Accounting Policies - *continued*

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

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

E Cash, Cash Equivalent and Investments

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

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

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

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

2 Summary of Significant Accounting Policies - *continued*

F Short-Term Interfund Receivables/Payables

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

G Inventories and Prepaid Expenses

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

H Capital Assets

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

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

<u>Description of Capital Assets</u>	<u>Estimated Lives (Years)</u>
Leasehold improvements	15
Equipment	5-12
Furniture and fixtures	10
Vehicle	5

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

2 Summary of Significant Accounting Policies - *continued*

I Compensated Absences

The Charter School accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". 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. The Board of the Charter School is currently reviewing the exiting compensated absences policies with the intent of addressing the issues of accumulation and payments upon termination.

The entire sick leave and vacation leave liabilities are reported on the school-wide financial statements.

The Charter School had no compensated absences as of June 30, 2023.

J Accrued Liabilities and Long-Term Obligations

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

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

K Deferred Revenue

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

2 Summary of Significant Accounting Policies - *continued*

L Fund Balance and Equity

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

1. 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.

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 Management Estimates

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

2 Summary of Significant Accounting Policies - *continued*

N On-Behalf Payments

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

O Net Position

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

P GASB Pronouncements

Adoption of New Accounting Standards

During the previous fiscal year ended June 30, 2021, the Charter School adopted **GASB Statement No. 84, *Fiduciary Activities (GASB 84)***. GASB 84 enhances the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Specifically, GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. As part of the adoption, the Charter School no longer considers activities in the Unemployment Fund Account, Payroll Agency Fund and Student Activities as fiduciary activities applicable under GASB 84. As a result, the Charter School no longer presents a Statement of Fiduciary Net Position, and records payroll deductions and withholding payable, unemployment activities in the General Fund in the Governmental Fund financial statements.

During the prior fiscal year ended June 30, 2022, the Charter School adopted **GASB Statement No. 87, *Leases***. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

2 **Summary of Significant Accounting Policies - *continued***

Q **Fair Value of Financial Instruments**

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

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

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

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

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

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

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

3 Deposits and Investments

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

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

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

The Charter School's cash and cash equivalents are classified below to inform financial statement users about the extent to which the Charter School's deposits and investments are exposed to custodial credit risk. As of June 30, 2023, the Charter School's carrying amount of deposits and investments are as follows:

	General Fund	Special Revenue	Enterprise Funds	Agency Funds	Total
Cash balances	\$ 9,850,883	\$ (381,983)	\$ 527,550	\$ -	\$ 9,996,450
Escrow	76,931	-	-	-	76,931
	<u>\$ 9,927,814</u>	<u>\$ (381,983)</u>	<u>\$ 527,550</u>	<u>\$ -</u>	<u>\$ 10,073,381</u>

Operating cash accounts are held in the Charter School's name by one banking institution. At June 30, 2023, the Charter School's carrying amount of deposits was \$10,073,381 and the bank balance was \$10,545,949. Of the bank balance, \$250,000 of the Charter School's cash deposits on June 30, 2023 were secured by federal deposit insurance and \$10,295,9481 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Governmental Unit Deposit Protection Act ("GUDPA").

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

3 Deposits and Investments - *continued*

Establishment of an Escrow Account

During the previous year ended June 30, 2016, the Charter School established and funded an Escrow Account pursuant to an agreement signed with the New Jersey Department of Education. The required maximum of \$75,000 was fully funded. The agreement stipulates that the intended use of the escrow amount is “to pay for legal and audit expenses and any other outstanding pension benefits that would be associated with a dissolution should it occur.”

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

Category 1

Insured or collateralized with securities held by the Charter School or by its agent in the Charter School’s name.

Category 2

Collateralized with securities held by the pledging public depository’s trust department or agent in the Charter School’s name.

Category 3

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

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

3 Deposits and Investments - *continued*

Investments

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

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

As of June 30, 2023, the Charter School did not hold any investments.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

4 Capital Assets and Right-of-Use Lease Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2023:

	Beginning Balance	Net Additions (Deletions)	Ending Balance
Governmental activities			
Capital assets, being depreciated:			
Leasehold improvements	\$ 5,279,861	\$ -	\$ 5,279,861
Equipment	935,735	49,003	984,738
Furniture and fixtures	13,280	-	13,280
Vehicle	60,155	-	60,155
Total capital assets being depreciated	<u>6,289,031</u>	<u>49,003</u>	<u>6,338,034</u>
Less accumulated depreciation for:			
Leasehold improvements	2,251,200	351,991	2,603,191
Equipment	823,011	66,288	889,299
Furniture and fixtures	13,280	-	13,280
Vehicle	36,232	7,974	44,206
Total accumulated depreciation	<u>3,123,723</u>	<u>426,253</u>	<u>3,549,976</u>
Total capital assets net	<u><u>\$ 3,165,308</u></u>	<u><u>\$ (377,250)</u></u>	<u><u>\$ 2,788,058</u></u>
Business-type activities:			
Equipment	\$ 199,530	\$ -	\$ 199,530
Less accumulated depreciation	(39,906)	(19,953)	(59,859)
Business-type activities capital assets, net	<u><u>\$ 159,624</u></u>	<u><u>\$ (19,953)</u></u>	<u><u>\$ 139,671</u></u>

Depreciation expense of \$426,253 was charged to an unallocated function.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

4 Capital Assets and Right-of-Use Lease Assets - continued

Changes in right-of-use lease assets are as follows for the fiscal year ended June 30, 2023:

Governmental Activities	Beginning Balance June 30, 2022	Net Additions	Ending Balance June 30, 2023
Right-of-use lease assets			
Premises	\$ 26,937,427	\$ -	\$ 26,937,427
Equipment	199,311	-	199,311
Total cost	27,136,738	-	27,136,738
Less - accumulated amortization			
Premises	6,256,405	1,338,833	7,595,238
Equipment	99,655	49,828	149,483
Total accumulated amortization	6,356,060	1,388,661	7,744,721
Right-of-use lease assets - net	\$ 20,780,678	\$ (1,388,661)	\$ 19,392,017

5 Lease Obligations

Lease Agreements – Implementation of GASB 87

Lease Liabilities	Outstanding Balance June 30, 2022	Acquired Current Year	Retired Current Year	Ending Balance June 30, 2023
Facilities lease liabilities	\$ 22,699,367	\$ -	\$ (1,017,169)	\$ 21,682,198
Equipment lease liabilities	104,624	-	(51,007)	53,617
Total lease liabilities	\$ 22,803,991	\$ -	\$ (1,068,176)	21,735,815
Current portion				1,122,826
Non-current portion				20,612,989
Total lease liabilities				\$ 21,735,815

The Charter School leases its premises and equipment under the terms of several non-cancelable leases. Certain leases are automatically renewed upon the charter renewal and can be extended through various dates through June 30, 2035.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

5 Lease Obligations - continued

Lease Agreements – Implementation of GASB 87 - continued

The leases required aggregate monthly cash payments of approximately \$2,698,460 during the year ended June 30, 2023. Interest expense on the leases was \$1,115,941 for the year ended June 30, 2023 which is reflected as lease interest expense on the accompanying budgetary comparison schedule – general fund (exhibit C-1).

The net value of the right-of-use assets and lease liabilities was \$19,392,017 and \$21,735,815, respectively as of June 30, 2023 which was calculated using a discount rate of 5%.

Amortization of the related right-of-use lease assets was \$1,388,661 for the year ended June 30, 2023.

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

Year ending June 30:	Principal	Interest	Amortization
2024	\$ 1,122,826	\$ 1,061,291	\$ 1,388,661
2025	1,123,912	1,005,125	1,388,661
2026	1,181,413	947,624	1,338,833
2027	1,241,857	887,180	1,338,833
2028	1,108,128	825,125	1,190,778
Thereafter	15,957,679	4,764,632	12,746,251
	\$ 21,735,815	\$ 9,490,977	\$ 19,392,017

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

5 Lease Obligations - *continued*

Description of Lease Terms

Facilities Lease

The Charter School leases its facilities under several operating lease agreements:

75 Spruce Street, Paterson, New Jersey – a lease covering 28,550 square foot space housing grades kindergarten through four and the administrative offices. The original lease term expired on June 30, 2015 and was renewed for a two-year term through June 30, 2017 with the stipulation that it will automatically renew for a period up to twenty (20) years (ultimately expiring on June 30, 2037) so long as the term of the Charter School's Charter is renewed or otherwise extended for the same period of years. The basic annual rent due each fiscal year is stipulated in a schedule attached to the lease agreement. The amount paid under this lease for the year ended June 30, 2023 was \$1,390,635.

32 Spruce Street, Paterson, New Jersey – a five-year lease through June 30, 2016 covering 10,000 square foot space housing Kindergarten and the business office. It was renewed on July 1, 2016 for another six (6) years through June 30, 2022 at the same annual rent of \$192,784. Renewed for another five years through June 30, 2027 at the same annual rent of \$192,784. The lease provides for the payment of the tenant's share of the facilities operating expenses in addition to the base rent. The total amount paid under this lease for the year ended June 30, 2023 was \$198,568. Starting from July 1, 2015 the facilities house the fifth graders and the business office.

8-14 Morris Street, Paterson, New Jersey – This is a new facility with 60,000 square foot space housing 400 students in the 5th, 6th, 7th and 8th grades. The lease was originally signed on November 12, 2018 stipulating that the landlord be given ample time to renovate the facility to the standards required by the Charter School (the tenant) and the building codes of the New Jersey Department of Education. It was delivered to the Charter School in June 2020 and the lease expires five years from the delivery date that is June 15, 2025. The current monthly rent is \$75,336 (\$904,032 annually) plus monthly maintenance fee of \$17,115 (\$205,380 annually). The total amount paid under this lease for the year ended June 30, 2023 was \$1,109,256. It should be noted that in addition to the 60,000-square foot space, the landlord was obligated by the lease agreement to construct a new gymnasium which was completed during the previous year ended June 30, 2021

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

5 Lease Obligations - continued

Description of Lease Terms - continued

Facilities Lease - continued

Parking Space at 75 Spruce Street, Paterson, New Jersey - the Charter School also leases several parking spaces under an operating lease agreement at a monthly payment of \$4,080. The parking spaces are for the use of its employees who are charged reasonable monthly fees. The amount paid under this lease for the year ended June 30, 2023 was \$44,880.

Parking Space for the use of employees at 32 Spruce Street, Paterson, New Jersey - the Charter School also leases several parking spaces under an operating lease agreement at a monthly payment of approximately \$1,085. The parking spaces are for the use of its employees. The amount paid under this lease for the year ended June 30, 2023 was \$10,945.

Equipment Leases

The Charter School leases office equipment (copiers) under several operating lease agreements. For the year ended June 30, 2023, the Charter School incurred \$62,360 in equipment lease expenditures.

Future minimum lease payments required under the operating leases are as follows:

Year ending June 30:	75 Spruce Street	32 Spruce Street	8-14 Morris Street	Equipment Leases	Total
2024	\$ 820,264	\$ 192,784	\$ 1,080,000	\$ 60,000	\$ 2,153,048
2025	828,467	192,784	1,080,000	-	2,101,251
2026	836,751	192,784	-	-	1,029,535
2027	845,119	192,784	-	-	1,037,903
2028	853,570	-	-	-	853,570
Thereafter	8,076,692	-	-	-	8,076,692
	<u>\$ 12,260,863</u>	<u>\$ 771,136</u>	<u>\$ 2,160,000</u>	<u>\$ 60,000</u>	<u>\$ 15,251,999</u>

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

6 Pension Plans

Description of Plans

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

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

Teachers' Pension and Annuity Fund (TPAF)

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

6 Pension Plans - *continued*

Public Employees' Retirement System (PERS)

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

Defined Contribution Retirement Program (DCRP)

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

Funding Policy

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

6 Pension Plans - *continued*

Annual Pension Costs (APC)

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

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

The Charter School's contribution to PERS for the year ended June 30, 2023 was \$292,056.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$267,956 during the year ended June 30, 2023 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. Also, the State paid \$2,169,750 into the TPAF pension representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium Contributions for the Charter School. These amounts have been included in the school wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

7 Pension Plans – GASB 68 Disclosures

Teachers' Pension and Annuity Fund (TPAF)

Summary of Significant Accounting Policies

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

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

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

The employer contributions for the Charter School are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the Charter School (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. 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 \$23,351,205 as measured on June 30, 2022 and \$19,462,031 as measured on June 30, 2021.

For the year ended June 30, 2023, the Charter School recognized pension expense of \$628,446 and revenue of \$628,446 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, 2023 is based upon changes in the collective net pension liability with a measurement period of June 30, 2021 through June 30, 2022. 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, 2021 and June 30, 2022.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

7 Pension Plans – GASB 68 Disclosures - *continued*

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

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Collective deferred outflows of resources	\$ 4,885,289,911	\$ 6,230,825,389
Collective deferred inflows of resources	\$19,563,805,393	\$27,221,092,460
Collective net pension liability (non-employer State of New Jersey)	\$51,594,415,806	\$48,075,188,642
State's portion of the net pension liability that was associated with the Charter School	\$ 23,351,205	\$ 19,462,031
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	0.045259%	0.040482%

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

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

COMMUNITY CHARTER SCHOOL OF PATERSON
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Notes to the Basic Financial Statements
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7 Pension Plans – GASB 68 Disclosures - *continued*

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

Actuarial Assumptions - continued

Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Expected Rate of Return - continued

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

7 Pension Plans – GASB 68 Disclosures - *continued*

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

Long-Term Expected Rate of Return - continued

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the State's total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments in determining the total pension liability.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

7 Pension Plans – GASB 68 Disclosures - *continued*

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

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

Since the Charter School's has no proportionate share of the net pension liability because of the special funding situation, the Charter School would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <https://www.nj.gov/treasury/pensions/documents/financial/gasb/gasb68-tpaf22.pdf>

Pension Plan Fiduciary Net Position

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

COMMUNITY CHARTER SCHOOL OF PATERSON
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Notes to the Basic Financial Statements
Year Ended June 30, 2023

7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees' Retirement System (PERS)

Summary of Significant Accounting Policies

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

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

At June 30, 2023, the Charter School reported a liability of \$3,495,130 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 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, 2022 and 2021, respectively. At June 30, 2022, the Charter School's proportion was 0.0231597842% which was an increase of 0.0014370897% from its proportion measured as of June 30, 2021 which was 0.0217226945%.

For the year ended June 30, 2022, the Charter School recognized pension expense of \$292,056. At June 30, 2022, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

7 Pension Plans – GASB 68 Disclosures - *continued*

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,226	\$ 22,246
Changes in assumptions	10,829	523,359
Net difference between projected and actual earnings on pension plan investments	144,660	-
Changes in proportion and differences between Charter School's contributions and proportionate share of contributions	1,068,800	1,000,239
Subtotal	1,249,515	1,545,844
Charter School's contributions subsequent to the measurement date	292,056	-
Total	<u>\$ 1,541,571</u>	<u>\$ 1,545,844</u>

\$292,056 reported as deferred outflows of resources related to pensions resulting from school Charter School contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2023, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability measured as of June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	Pension Expense
2023	\$ (243,476)
2024	(124,043)
2025	(60,493)
2026	131,974
2027	(290)
Thereafter	-
	<u>\$ (296,329)</u>

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

7 Pension Plans – GASB 68 Disclosures - *continued*

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

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

	June 30, 2022	June 30, 2021
Collective deferred outflows of resources	\$ 1,715,543,211	\$ 1,164,739,169
Collective deferred inflows of resources	\$ 4,112,583,758	\$ 8,339,123,762
Collective net pension liability (Non-State Local Group)	\$ 15,091,376,611	\$ 11,846,499,172
Charter School's portion of the net pension liability	\$ 3,495,130	\$ 2,573,379
Charter School's proportion (percentage)	0.02315978%	0.02172270%

Actuarial Assumptions

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation rate - price	2.75%
Inflation rate - wage	3.25%
Salary increases: thereafter	2.75%-6.55% based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

7 Pension Plans – GASB 68 Disclosures - *continued*

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

7 Pension Plans – GASB 68 Disclosures - *continued*

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

7 Pension Plans – GASB 68 Disclosures - continued

Public Employees' Retirement System (PERS) - continued

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

The following presents the collective net pension liability of the participating employers as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

2022			
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the pension liability	<u>\$ 4,528,246</u>	<u>\$ 3,495,130</u>	<u>\$ 2,670,698</u>
2021			
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the pension liability	<u>\$ 3,541,777</u>	<u>\$ 2,573,379</u>	<u>\$ 1,802,268</u>

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/financial-rprts-home.shtml>

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

8 Post Retirement Benefits

Plan Description and Benefits Provided

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

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

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

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

Employees Covered by Benefit Terms.

At June 30, 2022, the following employees were covered by the benefit terms:

Active plan member = 213,148

Inactive plan members entitled to but not yet receiving benefits = 151,669

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

Total plan members = 364,817

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

8 Post Retirement Benefits – continued

Total Non-employer OPEB Liability

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

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The total nonemployer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions and Other Inputs

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

Inflation Rate	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary increases:		
Through 2029	2.75 to 5.65% based on years of service	2.75 to 6.55% based on years of service
Thereafter	2.75 to 5.65% based on years of service	2.75 to 6.55% based on years of service

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

8 Post Retirement Benefits – *continued*

Actuarial Assumptions and Other Inputs - *continued*

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2022. 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-2022. 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-2022.

The actuarial assumptions used in the June 30, 2021 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.

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2023 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01 % in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%

Discount Rate

The discount rate for June 30, 2022 was 2.16%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

8 Post Retirement Benefits – continued

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

	Increase/(Decrease) Total OPEB Liability
Balance as of June 30, 2021 measurement date	<u>\$ 60,007,650,970</u>
Changes recognized for the fiscal year:	
Service cost	\$ 2,770,618,025
Interest on total OPEB liability	1,342,187,139
Changes of benefit terms	-
Difference between expected and actual experiences	1,399,200,736
Effect of changes of assumptions	(13,586,368,097)
Gross benefits paid by the State	(1,329,476,059)
Contributions from the members	<u>42,650,252</u>
Net changes	<u>\$ (9,361,188,004)</u>
Balance as of June 30, 2022 measurement date	<u>\$ 50,646,462,966</u>

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

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

	2022		
	At 1% Decrease (2.54%)	At 1% Discount Rate (3.54%)	At 1% Increase (4.54%)
Total OPEB liability attributable to the Charter School	<u>\$ 8,408,136</u>	<u>\$ 7,153,457</u>	<u>\$ 6,147,894</u>
	2021		
	At 1% Decrease (1.16%)	At 1% Discount Rate (2.16%)	At 1% Increase (3.16%)
Total OPEB liability attributable to the Charter School	<u>\$ 10,324,531</u>	<u>\$ 8,619,269</u>	<u>\$ 7,276,477</u>

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

8 Post Retirement Benefits – continued

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

The following presents the total nonemployer OPEB Liability attributable to the Charter School as of June 30, 2022 and 2021, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the Charter School would be if it were calculated using a healthcare trend rate that is I-percentage-point lower or I-percentage-point higher than the current rate:

2022			
	<u>At 1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>At 1% Increase</u>
Total OPEB liability attributable to the Charter School	\$ 5,912,769	\$ 7,153,457	\$ 8,783,175
2021			
	<u>At 1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>At 1% Increase</u>
Total OPEB liability attributable to the Charter School	\$ 6,977,326	\$ 8,619,269	\$ 10,824,277

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

For the fiscal year ended June 30, 2023 the Charter School recognized OPEB expense of \$1,675,732 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the Charter School's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2022 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

8 Post Retirement Benefits – continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 9,042,402,619	\$ 15,462,950,679
Net difference between expected and actual earnings on OPEB plan investments	-	-
Assumption changes	8,765,620,577	17,237,289,230
Subtotal	<u>17,808,023,196</u>	<u>32,700,239,909</u>
Contributions made in fiscal year 2019 after June 30, 2018 measurement date	TBD	N/A
Total	<u>\$ TBD</u>	<u>\$ 32,700,239,909</u>

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

Measurement Period - Fiscal Year Ending June 30:	Total
2023	\$ (2,517,151,602)
2024	\$ (2,517,151,602)
2025	\$ (2,517,151,602)
2026	\$ (2,175,449,761)
2027	\$ (1,243,951,140)
Thereafter	\$ (3,921,361,006)
	<u>\$ (14,892,216,713)</u>

9 Deferred Compensation

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

10 Economic Dependency

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

11 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. *It should also be noted that the Charter School applied for and received a refundable employee retention credit which is subject to certain criteria.* 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. *Also, the employee retention tax credit is subject to audit by the Internal Revenue Service (IRS) and the audit could lead to disallowance of a portion or all of the credits.*

As of June 30, 2023, significant amounts of grant expenditures (and the Employee Retention Tax Credits received subsequent to June 30, 2023) have not been audited by the various grantor agencies/the IRS but the Charter School believes that disallowed expenditures or credits, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Charter School.

The Charter School's attorney's letter advises the following:

a. E.S. v. Community Charter School of Paterson

"This matter arises out of alleged sexual assaults committed on a student. The student's counsel has served a demand letter on the School. Insurance coverage is available for the claims, subject to policy conditions and limits. The carrier has appointed counsel to represent the School. Litigation has not commenced. As litigation is inherently uncertain, we cannot predict the outcome of the case."

b. M.P. v. Community Charter School of Paterson

"This matter arises out of an employee termination of a school administrator. The administrator retained counsel, who served a demand letter on the School. Insurance coverage is available for the claims, subject to policy conditions and limits. The carrier has appointed counsel to represent the School. Litigation has not commenced. As litigation is inherently uncertain, we cannot predict the outcome of the case."

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

12 Risk Management

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

Property and Liability Insurance - The Charter School maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (UNAUDITED) of this Annual Comprehensive Financial Report. **New Jersey Unemployment Compensation** - The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Charter School is required to reimburse the New Jersey Unemployment Trust Fund For benefits paid to its former employees and charged to its account with the State.

13 Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2023 is as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 1,460,754	\$ -
Special Revenue Fund	-	987,917
Enterprise Fund	-	472,837
Trust and Agency Fund	-	-
	<u>\$ 1,460,754</u>	<u>\$ 1,460,754</u>

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

14 Receivables

Receivables as of June 30, 2023 consisted of accounts, intergovernmental, grants and miscellaneous receivables. All receivables are considered collectible in full. A summary of the principal items of receivables is as follows:

State aid	\$ 76,521
Federal aid	1,653,570
Other	83,950
Total receivables	<u>\$ 1,814,041</u>

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

15 Paycheck Protection Program Loan

During the fiscal year ended June 30, 2020, the Charter School applied for and was approved a \$1,897,040 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrued interest at 1%, but payments were not required to begin for ten months after the expiration of the covered period which is a maximum of 24 weeks from the funding date. The Charter School was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan was uncollateralized and was fully guaranteed by the Federal government.

The loan was funded on April 20, 2020. The Charter School applied for the loan forgiveness during the year ended June 30, 2022 which was approved by the SBA on January 20, 2022. The entire loan amount was recognized as revenue during the prior fiscal year ended June 30, 2022.

16 Subsequent Events

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

Employee Retention Tax Credit

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") signed into law on March 27, 2020 and the subsequent extension of the CARES Act, the Charter School applied for and received a refundable employee retention credit subject to certain criteria. The Charter School received and recognized as other income \$2,025,000 in employee retention credit during the subsequent fiscal year ending June 30, 2024. The credits were received for eligible quarters in 2021. The amount will be recognized as other income during the fiscal year ending June 30, 2024.

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

The fund balance as of June 30, 2023 was \$10,413,985. By its resolution on June 30, 2022 (in the prior year), the Board of the Charter School designated \$4,000,000 of the fund balance for future capital expenditures. \$6,413,985 is unreserved and undesignated.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

18 Related Party

New Jersey Community Development Corporation (NJCDC), a non-profit community development and social service agency based in Paterson is the founder of the Charter School. Officials of NJCDC are members of the Board of Trustees of the Charter School. NJCDC is the landlord of the two facilities leased by the Charter School – 75 and 32 Spruce Street, Paterson, New Jersey. In the opinion of management, the rental payments under the two leases approximate the market.

19 Risk and Uncertainties – COVID-19 and Its Impact

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

The Charter School’s operations are heavily dependent on both federal and state grant revenues. Its physical locations were closed from March 2020 through September 2020. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such it is uncertain as to the full impact that the pandemic will have on the Charter School’s financial condition, liquidity, and future results of operations. Management is actively monitoring the situation on its financial condition, liquidity and operations. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the COVID-19 pandemic. Nevertheless, the COVID-19 pandemic presents material uncertainty and risk with respect to the Charter School its performance, and its financial results.

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

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2023

20 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	\$ 10,472,378
Cost of capital assets net accumulated depreciation	2,788,058
Pension deferred outflows	1,249,515
Pension deferred inflows	(1,545,844)
Deferred pension liability as of June 30, 2023	(3,495,130)
Cost of right-to-use lease assets, net of accumulated depreciation	19,392,016
Principal balance of lease liabilities	(21,735,815)
Net position (per A-1) as of June 30, 2023	<u><u>\$ 7,125,178</u></u>

Required Supplementary Information

Part II

Budgetary Comparison

COMMUNITY CHARTER SCHOOL OF PATERSON
General Fund

C-1

Budget Comparison Schedule

Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local Sources:					
Local tax levy	\$ 1,544,223	\$ -	\$ 1,544,223	\$ 1,544,223	\$ -
Miscellaneous	-	-	-	69,868	69,868
Total revenues -local sources	<u>1,544,223</u>	<u>-</u>	<u>1,544,223</u>	<u>1,614,091</u>	<u>69,868</u>
State sources:					
State aid	13,682,248	-	13,682,248	12,474,622	(1,207,626)
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	267,956	267,956
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	451,089	451,089
Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted)	-	-	-	1,717,140	1,717,140
Long Term Disability Insurance (On-Behalf-Non-Budgeted)	-	-	-	1,521	1,521
Total -state sources	<u>13,682,248</u>	<u>-</u>	<u>13,682,248</u>	<u>14,912,328</u>	<u>1,230,080</u>
Total revenues	<u>15,226,471</u>	<u>-</u>	<u>15,226,471</u>	<u>16,526,419</u>	<u>1,299,948</u>
Expenditures					
Current expense:					
Instruction					
Salaries of teachers	3,399,717	190,313	3,590,030	2,839,591	750,439
Other salaries for instruction	181,187	(30,000)	151,187	136,162	15,025
Purchased profesional technical services	36,000	-	36,000	34,807	1,193
Other purchased services	35,000	(10,000)	25,000	17,614	7,386
General educational supplies	120,000	(50,000)	70,000	8,283	61,717
Textbooks	198,000	(186,242)	11,758	-	11,758
Miscellaneous expenses	25,000	-	25,000	24,534	466
	<u>3,994,904</u>	<u>(85,929)</u>	<u>3,908,975</u>	<u>3,060,991</u>	<u>847,984</u>

COMMUNITY CHARTER SCHOOL OF PATERSON
General Fund

C-1

Budget Comparison Schedule

Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Administrative cost:					
Salaries	1,704,822	66,439	1,771,261	1,677,095	94,166
Total benefit costs	2,883,515	(464,885)	2,418,630	1,632,727	785,903
Professional /Technical service	246,000	64,619	310,619	193,019	117,600
Other purchased services	238,240	86,920	325,160	234,857	90,303
Communications and Telephones	101,500	-	101,500	(9,253)	110,753
Supplies and materials	64,500	-	64,500	42,523	21,977
Miscellaneous expenses	40,000	36,630	76,630	75,737	893
	<u>5,278,577</u>	<u>(210,277)</u>	<u>5,068,300</u>	<u>3,846,705</u>	<u>1,221,595</u>
Support services:					
Salaries	1,429,455	183,037	1,612,492	1,249,002	363,490
Purchased prof/tech service	257,870	36,000	293,870	230,871	62,999
Other purchased services	131,252	60,000	191,252	189,299	1,953
Rent on land and buildings - other than Lease Purchase Agreements	2,424,659	273,800	2,698,459	514,342	2,184,117
Insurance-fidelity, liability property	146,287	-	146,287	124,434	21,853
Supplies and materials	229,000	2,000	231,000	162,953	68,047
Energy & Utilities	285,804	25,958	311,762	252,901	58,861
Miscellaneous expenses	66,848	-	66,848	66,113	735
Transportation other than to/from school	62,500	(60,000)	2,500	445	2,055
Lease interest expense	-	-	-	1,115,941	(1,115,941)
Principal payments on lease liabilities	-	-	-	1,068,176	(1,068,176)
Food Services - Transfer to cover deficit	-	-	-	-	-
Total support services	<u>5,033,675</u>	<u>520,795</u>	<u>5,554,470</u>	<u>4,974,477</u>	<u>579,993</u>

COMMUNITY CHARTER SCHOOL OF PATERSON
General Fund

C-1

Budget Comparison Schedule

Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Capital outlay:					
Instructional equipment	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-
Purchase land/improvements	280,000	(224,591)	55,409	-	55,409
Miscellaneous expenses	-	-	-	-	-
Total capital outlay	280,000	(224,591)	55,409	-	55,409
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	267,956	(267,956)
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	451,089	(451,089)
Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted)	-	-	-	1,717,140	(1,717,140)
Long Term Disability Insurance (On-Behalf-Non-Budgeted)	-	-	-	1,521	(1,521)
Total expenditures	14,587,156	(2)	14,587,154	14,319,879	2,435,504
Excess (deficiency) of revenues over (under) expenditures before special item	639,315	2	639,317	2,206,540	1,567,223
Special item:					
Forgiveness of Paycheck Protection Program (PPP) loan	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures after special item	639,315	2	639,317	2,206,540	1,567,223
Fund balances, beginning of year	8,207,445	-	8,207,445	8,207,445	-
Fund balances, end of year	\$ 8,846,760	\$ 2	\$ 8,846,762	\$ 10,413,985	\$ 1,567,223

COMMUNITY CHARTER SCHOOL OF PATERSON
Special Revenue Fund

C-2

Budget Comparison Schedule
Budgetary Basis
Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Federal sources	\$ 4,930,932	\$ -	\$ 4,930,932	\$ 4,930,932	\$ -
State sources	49,003	-	49,003	49,003	-
Local sources	73,670		73,670	49,698	23,972
Total revenues -all sources	<u>5,053,605</u>	<u>-</u>	<u>5,053,605</u>	<u>5,029,633</u>	<u>23,972</u>
Expenditures					
Current Expenditures:					
Instruction:					
Salaries of teachers	2,047,391	-	2,047,391	2,047,391	-
Purchased Prof. and technical services	68,511	-	68,511	68,511	-
Other purchased services	-	-	-	-	-
General supplies	512,851	-	512,851	512,851	-
Miscellaneous expenditures	1,370	-	1,370	1,370	-
Total instruction	<u>2,630,123</u>	<u>-</u>	<u></u>	<u>2,630,123</u>	<u>-</u>
Support services					
Support services salaries	383,837	-	383,837	383,837	-
Employee benefits	716,692	-	716,692	716,692	-
Purchased professional services	877,175	-	877,175	877,175	-
Other purchased services	202,192	-	202,192	202,192	-
Rental	-	-	-	-	-
Supplies	120,913	-	120,913	120,913	-
Student activities	73,670	-	73,670	73,670	-
Total support services	<u>2,374,479</u>	<u>-</u>	<u>2,374,479</u>	<u>2,374,479</u>	<u>-</u>
Capital Outlay:					
Facilities acquisition and construction services					
Instructional equipment	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-
Construction services	49,003	-	49,003	49,003	-
Total facilities acquisition and construction services	<u>49,003</u>	<u>-</u>	<u>49,003</u>	<u>49,003</u>	<u>-</u>
Total expenditures	<u>\$ 5,053,605</u>	<u>\$ -</u>	<u>\$ 2,423,482</u>	<u>\$ 5,053,605</u>	<u>\$ -</u>

Notes to Required Supplementary Information

COMMUNITY CHARTER SCHOOL OF PATERSON

C-3

Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2023

		<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule:	[C-1]	\$ 16,526,419	
	[C-2]		\$ 5,029,633
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	<u>\$ 16,526,419</u>	<u>\$ 5,029,633</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule			
	[C-1]	\$ 14,319,879	
	[C-2]		\$ 5,029,633
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.			-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			
Net transfer (outflows) to general fund		<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 14,319,879</u>	<u>\$ 5,029,633</u>

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

COMMUNITY CHARTER SCHOOL OF PATERSON

L-1

Schedule of the Charter School's Proportionate Share of the Net Pension Liability - PERS
Last Ten Fiscal Years
(Unaudited)

	2022	2021	2020	2019	Fiscal Year Ended June 30,		2016	2015	2014	2013
					2018	2017				
Charter School's proportion of the net pension liability (assets)	0.0231597842%	0.0217226945%	0.0292393736%	0.0245760938%	0.0170631284%	0.0164703281%	0.0093782462%	0.0139802901%	0.0104217010%	0.0092776237%
Charter School's proportionate share of the net pension liability (assets)	3,495,130	2,573,379	4,768,177	4,428,239	3,359,645	3,834,029	2,777,568	3,138,295	1,951,227	1,773,138
Charter School's covered employee payroll	\$ 2,058,574	\$ 1,960,547	\$ 1,867,188	\$ 1,778,274	\$ 1,651,531	\$ 1,572,887	\$ 720,033	\$ 694,313	\$ 938,296	\$ 660,928
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll	169.78%	131.26%	255.37%	249.02%	203.43%	243.76%	385.76%	452.00%	207.95%	268.28%
Plan fiduciary net position as a percentage of the total pension liability - local	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Note

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

COMMUNITY CHARTER SCHOOL OF PATERSON

L-2

Schedule of the Charter School's Contributions - PERS
Last Ten Fiscal Years
(Unaudited)

	2022	2021	2020	2019	Fiscal Year Ended June 30,		2016	2015	2014	2013
					2018	2017				
Contractually required contribution	\$ 292,056	\$ 260,661	\$ 319,865	\$ 242,639	\$ 207,444	\$ 205,497	\$ 139,613	\$ 120,193	\$ 85,915	\$ 69,905
Contribution in relation to the contractually required contribution	(292,056)	(260,661)	(319,865)	(242,639)	(207,444)	(205,497)	(139,613)	(120,193)	(85,915)	(69,905)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered employee payroll	\$ 2,058,574	\$ 2,058,574	\$ 1,867,188	\$ 1,778,274	\$ 1,651,531	\$ 1,572,887	\$ 720,033	\$ 694,313	\$ 938,296	\$ 660,928
Contributions as a percentage of covered employee payroll	14.19%	12.66%	17.13%	13.64%	12.56%	13.06%	19.39%	17.31%	9.16%	10.58%

Note

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

COMMUNITY CHARTER SCHOOL OF PATERSON

L-3

Schedule of the Charter School's Proportionate Share of the Net Pension Liability - TPAF
Last Ten Fiscal Years
(Unaudited)

	2022	2022	2020	2019	Fiscal Year Ended June 30,		2016	2015	2014	2013
					2018	2017				
Charter School's proportion of the net pension liability (assets)**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Charter School's proportionate share of the net pension liability (assets)**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (assets) associated with the Charter School	\$ 23,351,205	\$ 19,462,031	\$ 26,442,137	\$ 25,353,538	\$ 20,642,917	\$ 14,659,299	\$ 23,156,160	\$ 18,742,901	\$ 11,228,897	\$ 11,716,500
Total	<u>\$ 23,351,205</u>	<u>\$ 19,462,031</u>	<u>\$ 26,442,137</u>	<u>\$ 25,353,538</u>	<u>\$ 20,642,917</u>	<u>\$ 14,659,299</u>	<u>\$ 23,156,160</u>	<u>\$ 18,742,901</u>	<u>\$ 11,228,897</u>	<u>\$ 11,716,500</u>
Charter School's covered employee payroll	\$ 4,257,551	\$ 4,054,811	\$ 3,861,725	\$ 3,677,833	\$ 4,133,287	\$ 3,936,464	\$ 2,107,257	\$ 2,268,474	\$ 2,939,626	\$ 2,896,989
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

**Note

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

COMMUNITY CHARTER SCHOOL OF PATERSON

M-1

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

	Fiscal Year Ending					
	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	\$ 1,446,297	\$ 1,793,759	\$ 1,000,010	\$ 896,834	\$ 808,532	\$ 976,895
Interest cost	189,575	223,593	207,532	226,552	194,722	154,834
Changes of benefit term	-	(9,174)	-	-	-	-
Difference between expected and actual experiences	(1,000,950)	(3,152,182)	2,059,664	(1,067,457)	40,167	-
Changes of assumptions	(1,918,979)	8,504	1,812,990	74,737	(577,353)	(839,856)
Member contributions	6,024	5,716	5,237	4,561	4,650	4,004
Gross benefit payments	(187,779)	(176,129)	(172,789)	(153,870)	(134,532)	(108,746)
Net change in total OPEB liability	(1,465,812)	(1,305,913)	4,912,644	(18,643)	336,186	187,131
Total OPEB liability - beginning	8,619,269	9,925,182	5,012,538	5,031,181	4,694,995	4,507,864
Total OPEB liability, ending	<u>\$ 7,153,457</u>	<u>\$ 8,619,269</u>	<u>\$ 9,925,182</u>	<u>\$ 5,012,538</u>	<u>\$ 5,031,181</u>	<u>\$ 4,694,995</u>
Covered employee payroll - PERS and TPAF	\$ 2,083,808	\$ 2,072,048	\$ 2,088,335	\$ 1,673,175	\$ 1,488,299	\$ 1,181,052
Total OPEB liability as a percentage of covered employee payroll	343%	416%	475%	300%	338%	398%
State's proportionate share of the net OPEB liability (asset) associated with the Charter School	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Charter School's contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

** Information not available.

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to Required Supplementary Information
Year Ended June 30, 2023

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

Benefit Changes

There were none.

Changes of Assumptions

None - The discount rate remained at 7% as of June 30, 2022 same as of June 30, 2021.

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

Benefit Changes

There were none.

Changes of Assumptions

None - The discount rate remained at 7% as of June 30, 2022 same as of June 30, 2021.

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

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 2.16% as of June 30, 2021, to 3.54% as of June 30, 2022.

Other Supplementary Information

School Level Schedules

Special Revenue Fund

COMMUNITY CHARTER SCHOOL OF PATERSON
Special Revenue Fund

E-1

Combining Schedule of Program, Revenue and Expenditures
Budgetary Basis

Year ended June 30, 2023

	Title 1A 2022-2023	TITLE I SIA 2022-2023	L.D.E.A. Basic 2020-2021	L.D.E.A. Preschool 2020-2021	Twents-First Century 2022-2023	Twents-First Century 2021-2022	L.D.E.A. 21st Century 2022-2023	L.D.E.A. 21st Century 2021-2022	CRRSA ESSER II Grant	CRRSA ESSER II Learning Grant	CRRSA ESSER II Mental Health Grant	ARP ESSER III Grant	Preschool & Charter Security Grant	Student Activity Fund	Total
Revenues															
Federal sources	\$ 1,147,644	\$ 40,800	\$ 220,563	\$ 6,278	\$ 462,787	\$ 92,944	\$ 32,932	\$ 16,754	\$ 2,067,538	\$ 55,368	\$ 40,500	\$ 746,824	\$ -	\$ -	\$ 4,930,932
State sources	-	-	-	-	-	-	-	-	-	-	-	-	49,003	-	49,003
Local sources	-	-	-	-	-	-	-	-	-	-	-	-	-	49,698	49,698
Total revenues -all sources	\$ 1,147,644	\$ 40,800	\$ 220,563	\$ 6,278	\$ 462,787	\$ 92,944	\$ 32,932	\$ 16,754	\$ 2,067,538	\$ 55,368	\$ 40,500	\$ 746,824	\$ 49,003	\$ 49,698	\$ 5,029,633
Expenditures															
Instruction															
Salaries of teachers	\$ 725,000	\$ -	\$ 155,000	\$ -	\$ 270,219	\$ 40,321	\$ 11,041	\$ -	\$ 795,475	\$ 50,335	\$ -	\$ -	\$ -	\$ -	2,047,391
Purchased Prof. and technical services	-	-	-	-	51,411	17,100	-	-	-	-	-	-	-	-	68,511
Other purchased services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General supplies	-	40,800	-	-	17,909	1,928	18,016	15,304	297,356	-	-	121,538	-	-	512,851
Miscellaneous expenditures	-	-	-	-	255	465	-	650	-	-	-	-	-	-	1,370
Total instruction	725,000	40,800	155,000	-	339,794	59,814	29,057	15,954	1,092,831	50,335	-	121,538	-	-	2,630,123
Support services															
Support services salaries	-	-	-	-	93,685	22,826	2,519	-	-	-	37,622	227,185	-	-	383,837
Employee benefits	373,933	-	65,563	-	25,282	5,189	1,356	-	116,958	5,033	2,878	120,500	-	-	716,692
Purchased professional services	28,711	-	-	6,278	-	215	-	-	841,971	-	-	-	-	-	877,175
Other purchased services	20,000	-	-	-	4,026	4,900	-	800	15,778	-	-	156,688	-	-	202,192
Rental	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	120,913	-	-	120,913
Miscellaneous expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Student activities	-	-	-	-	-	-	-	-	-	-	-	-	-	73,670	73,670
Total support services	422,644	-	65,563	6,278	122,993	33,130	3,875	800	974,707	5,033	40,500	625,286	-	73,670	2,374,479
Facilities acquisition and construction services															
Instructional equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction services	-	-	-	-	-	-	-	-	-	-	-	-	49,003	-	49,003
Total facilities acquisition and construction services	-	-	-	-	-	-	-	-	-	-	-	-	49,003	-	49,003
Total expenditures	1,147,644	40,800	220,563	6,278	462,787	92,944	32,932	16,754	2,067,538	55,368	40,500	746,824	49,003	73,670	5,053,605
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	(23,972)	(23,972)
Fund balances, beginning of year	-	-	-	-	-	-	-	-	-	-	-	-	-	82,365	82,365
Prior period adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances, beginning of year (restated)	-	-	-	-	-	-	-	-	-	-	-	-	-	82,365	82,365
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,393	\$ 58,393

Capital Projects Fund

At June 30, 2023, there was no capital project fund.

Enterprise Fund

COMMUNITY CHARTER SCHOOL OF PATERSON
Enterprise Funds

G-1

Combining Statement of Net Position

June 30, 2023

	<u>Food Services</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 527,550
Accounts receivable:	-
Federal	50,973
State	1,222
Interfund receivable - general fund	(472,837)
Total current assets	<u>\$ 106,908</u>
Noncurrent assets:	
Machinery and equipment	199,530
Less: accumulated depreciation	(59,859)
Total noncurrent assets	<u>139,671</u>
Total assets	<u>246,579</u>
Liabilities	
Current liabilities:	
Interfund payable - general fund	\$ -
Accounts payable	9,791
Total current liabilities	<u>\$ 9,791</u>
Net position	
Unrestricted	236,788
Total net position	<u><u>\$ 236,788</u></u>

COMMUNITY CHARTER SCHOOL OF PATERSON
Enterprise Fund

G-2

Combining Statement of Revenues, Expenditures and Changes in Net Position

Year ended June 30, 2023

	<u>Food Services</u>
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ -
Daily sales - nonreimbursable programs	-
Miscellaneous revenue	102,302
Total operating revenues	<u>102,302</u>
Operating expenses:	
Cost of sales - reimbursable programs	706,365
Cost of sales - nonreimbursable programs	-
Salaries	291,992
Employee benefits	33,604
Professional /technical service	-
Supplies and materials	-
Depreciation	19,953
Miscellaneous	-
Total operating expenses	<u>1,051,914</u>
Operating income (loss)	<u>(949,612)</u>
Nonoperating revenues:	
State sources:	
State School Breakfast Program - After Bell	7,804
State School Lunch Program	9,450
Federal sources:	-
National School Lunch Program	531,029
National School Breakfast Program	184,955
After School Snacks	58,698
Healthy, Hunger Free Kids Act	11,018
Total nonoperating revenues	<u>802,954</u>
Net income/(loss) before contributions & transfers	(146,658)
Other financing sources:	
Transfer in/(out) - board contribution	<u>-</u>
	<u>-</u>
Change in net position	(146,658)
Total net position-beginning of year	<u>383,446</u>
Total net position-end of year	<u><u>\$ 236,788</u></u>

COMMUNITY CHARTER SCHOOL OF PATERSON
Enterprise Fund

G-3

Statement of Cash Flows

Year ended June 30, 2023

	<u>Food Services</u>
Cash flows from operating activities	
Operating loss	\$ (949,612)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	19,953
Changes in assets and liabilities:	
Accounts receivable	27,638
Due to/(from) general fund	497,368
Accounts payable	(29,598)
Net cash used in operating activities	<u>(434,251)</u>
Cash flows from noncapital financing activities	
Cash received from state reimbursements	17,254
Cash received from federal reimbursements	785,700
Operating subsidies and transfers from other funds	-
Net cash provided by noncapital financing activities	<u>802,954</u>
Cash flows from investing activities	
Purchase of kitchen equipment	<u>-</u>
Net cash used in investing activities	<u>-</u>
Net change in cash and cash equivalents	368,703
Cash and cash equivalents, beginning	158,847
Cash and cash equivalents, ending	<u><u>\$ 527,550</u></u>

Fiduciary Fund
Not Applicable

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Long Term Debt
At June 30, 2023, there was no long term debt.

COMMUNITY CHARTER SCHOOL OF PATERSON
Long-Term Debt
Schedule of Obligations Under Renovation Loan

I-2

Year ended June 30, 2023

NONE

<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2022</u>	<u>Acquired Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2023</u>
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Statistical Section

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-1

Net Assets By Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Fiscal Year Ended June 30,</u>		<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
					<u>2019</u>	<u>2018</u>				
Governmental activities										
Invested in capital assets, net of related debt	\$ 2,788,058	\$ 1,141,993	\$ 3,010,365	\$ 3,061,680	\$ 2,122,498	\$ 2,176,977	\$ 1,955,215	\$ 1,977,232	\$ 1,934,268	\$ 2,003,297
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	2,622,526	294,769	1,608,522	819,450	1,387,180	1,146,083	1,429,863	1,196,344	1,678,167	2,171,168
Total governmental activities net position	<u>\$ 5,410,584</u>	<u>\$ 1,436,762</u>	<u>\$ 4,618,887</u>	<u>\$ 3,881,130</u>	<u>\$ 3,509,678</u>	<u>\$ 3,323,060</u>	<u>\$ 3,385,078</u>	<u>\$ 3,173,576</u>	<u>\$ 3,612,435</u>	<u>\$ 4,174,465</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	97,117	223,822	220,053	367,667	346,183	250,002	303,117	162,367	57,455	23,779
Total business-type activities	<u>\$ 97,117</u>	<u>\$ 223,822</u>	<u>\$ 220,053</u>	<u>\$ 367,667</u>	<u>\$ 346,183</u>	<u>\$ 250,002</u>	<u>\$ 303,117</u>	<u>\$ 162,367</u>	<u>\$ 57,455</u>	<u>\$ 23,779</u>
School-wide										
Invested in capital assets, net of related debt	\$ 2,788,058	\$ 1,141,993	\$ 3,010,365	\$ 3,061,680	\$ 2,122,498	\$ 2,176,977	\$ 1,955,215	\$ 1,977,232	\$ 1,934,268	\$ 2,003,297
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	2,719,643	518,591	1,828,575	1,187,117	1,733,363	1,396,085	1,732,980	1,358,711	1,735,622	2,194,947
Total charter school net position	<u>\$ 5,507,701</u>	<u>\$ 1,660,584</u>	<u>\$ 4,838,940</u>	<u>\$ 4,248,797</u>	<u>\$ 3,855,861</u>	<u>\$ 3,573,062</u>	<u>\$ 3,688,195</u>	<u>\$ 3,335,943</u>	<u>\$ 3,669,890</u>	<u>\$ 4,198,244</u>

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-2

Changes In Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental activities										
Instruction										
Regular	\$ 5,691,114	\$ 5,505,771	\$ 5,059,221	\$ 5,539,697	\$ 5,197,256	\$ 5,611,946	\$ 6,028,561	\$ 6,183,596	\$ 4,777,832	\$ 3,614,419
Support Services:										
General administration	5,118,989	8,752,396	6,780,383	5,946,606	5,991,083	4,948,480	4,293,551	4,329,775	2,754,677	2,571,924
School administrative services	7,347,435	5,498,308	4,916,157	4,856,440	3,170,061	3,742,396	3,855,830	3,825,839	3,635,743	3,662,800
On-behalf/TPAF/FICA Reimbursements	2,169,750	2,332,632	1,576,699	2,253	1,208,455	808,345	450,527	516,300	414,838	240,372
Capital outlay	-	-	-	-	-	-	-	-	-	-
Unallocated depreciation	426,253	422,387	386,556	385,337	290,232	286,196	66,677	321,823	350,782	224,724
Total governmental activities expenses	<u>20,753,541</u>	<u>22,511,494</u>	<u>18,719,016</u>	<u>16,730,333</u>	<u>15,857,087</u>	<u>15,397,363</u>	<u>14,695,146</u>	<u>15,177,333</u>	<u>11,933,872</u>	<u>10,314,239</u>
Business-type activities:										
Food service	1,051,914	796,146	232,521	531,837	627,502	853,770	639,997	653,002	667,329	470,311
Child Care	-	-	-	-	-	-	-	-	-	-
Total business-type activities expense	<u>1,051,914</u>	<u>796,146</u>	<u>232,521</u>	<u>531,837</u>	<u>627,502</u>	<u>853,770</u>	<u>639,997</u>	<u>653,002</u>	<u>667,329</u>	<u>470,311</u>
Total charter school expenses	<u>\$ 21,805,455</u>	<u>\$ 23,307,640</u>	<u>\$ 18,951,537</u>	<u>\$ 17,262,170</u>	<u>\$ 16,484,589</u>	<u>\$ 16,251,133</u>	<u>\$ 15,335,143</u>	<u>\$ 15,830,335</u>	<u>\$ 12,601,201</u>	<u>\$ 10,784,550</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Operating grants and contributions	\$ 5,053,605	\$ 3,311,727	\$ 2,344,883	\$ 1,815,532	\$ 1,810,120	\$ 1,691,254	\$ 1,686,916	\$ 1,593,462	\$ 879,624	\$ 540,992
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>5,053,605</u>	<u>3,311,727</u>	<u>2,344,883</u>	<u>1,815,532</u>	<u>1,810,120</u>	<u>1,691,254</u>	<u>1,686,916</u>	<u>1,593,462</u>	<u>879,624</u>	<u>540,992</u>
Business-type activities:										
Charges for services										
Food service	102,302	-	-	20,324	-	1,303	96	15	13,854	14,733
Child care	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	802,954	779,962	264,484	532,997	723,683	799,352	780,651	757,899	687,151	378,095
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>905,256</u>	<u>779,962</u>	<u>264,484</u>	<u>553,321</u>	<u>723,683</u>	<u>800,655</u>	<u>780,747</u>	<u>757,914</u>	<u>701,005</u>	<u>392,828</u>
Total charter school program revenues	<u>\$ 5,958,861</u>	<u>\$ 4,091,689</u>	<u>\$ 2,609,367</u>	<u>\$ 2,368,853</u>	<u>\$ 2,533,803</u>	<u>\$ 2,491,909</u>	<u>\$ 2,467,663</u>	<u>\$ 2,351,376</u>	<u>\$ 1,580,629</u>	<u>\$ 933,820</u>
Net (Expense)/Revenue										
Governmental activities	\$ (15,699,936)	\$ (19,199,767)	\$ (16,374,133)	\$ (14,914,801)	\$ (14,046,967)	\$ (13,706,109)	\$ (13,008,230)	\$ (13,583,871)	\$ (11,054,248)	\$ (9,773,247)
Business-type activities	(146,658)	(16,184)	31,963	21,484	96,181	(53,115)	140,750	104,912	33,676	(77,483)
Total charter school-wide net expense	<u>\$ (15,846,594)</u>	<u>\$ (19,215,951)</u>	<u>\$ (16,342,170)</u>	<u>\$ (14,893,317)</u>	<u>\$ (13,950,786)</u>	<u>\$ (13,759,224)</u>	<u>\$ (12,867,480)</u>	<u>\$ (13,478,959)</u>	<u>\$ (11,020,572)</u>	<u>\$ (9,850,730)</u>

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-2

Changes In Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 1,544,223	\$ 1,437,612	\$ 1,238,968	\$ 1,092,702	\$ 1,031,127	\$ 1,033,485	\$ 1,015,199	\$ 1,110,312	\$ 1,068,170	\$ 720,508
Grants and contributions	14,912,328	15,139,932	14,264,432	14,055,961	13,159,612	12,493,753	12,156,914	11,908,511	11,343,829	7,661,031
Miscellaneous income	69,868	32,277	33,523	137,590	42,846	116,853	47,619	126,189	31,446	2,133
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>16,526,419</u>	<u>16,609,821</u>	<u>15,536,923</u>	<u>15,286,253</u>	<u>14,233,585</u>	<u>13,644,091</u>	<u>13,219,732</u>	<u>13,145,012</u>	<u>12,443,445</u>	<u>8,383,672</u>
Business-type activities:										
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charter school-wide	<u>\$ 16,526,419</u>	<u>\$ 16,609,821</u>	<u>\$ 15,536,923</u>	<u>\$ 15,286,253</u>	<u>\$ 14,233,585</u>	<u>\$ 13,644,091</u>	<u>\$ 13,219,732</u>	<u>\$ 13,145,012</u>	<u>\$ 12,443,445</u>	<u>\$ 8,383,672</u>
Change in Net Position										
Governmental activities	\$ 826,483	\$ (2,589,946)	\$ (837,210)	\$ 371,452	\$ 186,618	\$ (62,018)	\$ 211,502	\$ (438,859)	\$ 1,389,197	\$ (1,389,575)
Business-type activities	(146,658)	(16,184)	31,963	21,484	96,181	(53,115)	140,750	104,912	33,676	(77,483)
Total charter school	<u>\$ 679,825</u>	<u>\$ (2,606,130)</u>	<u>\$ (805,247)</u>	<u>\$ 392,936</u>	<u>\$ 282,799</u>	<u>\$ (115,133)</u>	<u>\$ 352,252</u>	<u>\$ (333,947)</u>	<u>\$ 1,422,873</u>	<u>\$ (1,467,058)</u>

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-3

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

	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Unreserved	\$ 10,413,985	\$ 8,207,445	\$ 5,626,195	\$ 4,105,268	\$ 4,327,245	\$ 3,774,122	\$ 3,662,181	\$ 3,136,995	\$ 3,413,702	\$ 2,171,168
Total general fund	<u>\$ 10,413,985</u>	<u>\$ 8,207,445</u>	<u>\$ 5,626,195</u>	<u>\$ 4,105,268</u>	<u>\$ 4,327,245</u>	<u>\$ 3,774,122</u>	<u>\$ 3,662,181</u>	<u>\$ 3,136,995</u>	<u>\$ 3,413,702</u>	<u>\$ 2,171,168</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Charter School's Records

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-4

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

Function	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Local tax levy	\$ 1,544,223	\$ 1,437,612	\$ 1,238,968	\$ 1,092,702	\$ 1,031,127	\$ 1,033,485	\$ 1,015,199	\$ 1,110,312	\$ 1,068,170	\$ 890,363
Miscellaneous	69,868	32,277	33,523	137,590	42,846	116,853	47,619	126,189	31,446	14,381
State sources	14,961,331	15,214,256	14,264,432	14,055,961	13,159,612	12,493,753	12,156,914	11,908,511	11,343,829	9,523,468
Federal sources	4,930,932	3,207,404	2,325,593	1,815,532	1,810,120	1,679,479	1,670,101	1,555,427	879,624	567,621
Total revenue	<u>21,506,354</u>	<u>19,891,549</u>	<u>17,862,516</u>	<u>17,101,785</u>	<u>16,043,705</u>	<u>15,323,570</u>	<u>14,889,833</u>	<u>14,700,439</u>	<u>13,323,069</u>	<u>10,995,833</u>
Expenditures										
Instruction	5,691,114	5,505,771	5,059,221	5,539,697	5,197,256	5,611,946	6,028,561	6,183,596	4,777,832	3,614,419
Administration	3,846,705	4,977,344	3,999,742	3,950,461	4,105,942	3,323,268	3,132,629	3,203,316	2,245,294	2,086,593
Support Services	7,348,956	5,500,037	4,917,889	4,858,693	4,378,516	4,550,741	4,306,357	4,342,139	4,050,581	3,903,172
Capital Outlay	49,003	537,459	375,111	1,324,519	235,753	507,958	44,660	365,504	281,753	1,021,214
Total expenditures	<u>16,935,778</u>	<u>16,520,611</u>	<u>14,351,963</u>	<u>15,673,370</u>	<u>13,917,467</u>	<u>13,993,913</u>	<u>13,512,207</u>	<u>14,094,555</u>	<u>11,355,460</u>	<u>10,625,398</u>
Net change in fund balances	<u>\$ 4,570,576</u>	<u>\$ 3,370,938</u>	<u>\$ 3,510,553</u>	<u>\$ 1,428,415</u>	<u>\$ 2,126,238</u>	<u>\$ 1,329,657</u>	<u>\$ 1,377,626</u>	<u>\$ 605,884</u>	<u>\$ 1,967,609</u>	<u>\$ 370,435</u>

Source: Charter School's Records

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-5

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

Function	2023	2022	2021	2020	Fiscal Year Ended June 30,		2017	2016	2015	2014
					2019	2018				
Other local revenues										
Miscellaneous	\$ 69,868	\$ 32,277	\$ 33,523	\$ 137,590	\$ 42,846	\$ 116,853	\$ 47,189	\$ 126,189	\$ 31,446	\$ 14,381
Total other local revenue	<u>\$ 69,868</u>	<u>\$ 32,277</u>	<u>\$ 33,523</u>	<u>\$ 137,590</u>	<u>\$ 42,846</u>	<u>\$ 116,853</u>	<u>\$ 47,189</u>	<u>\$ 126,189</u>	<u>\$ 31,446</u>	<u>\$ 14,381</u>

Source: Charter School's Records

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-10

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities	Total Charter School	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	-
2015	-	-	-	-	-	-	0.00%	-
2016	-	-	-	-	-	-	0.00%	-
2017	-	-	-	-	-	-	0.00%	-
2018	-	-	-	-	-	-	0.00%	-
2019	-	-	-	-	-	-	0.00%	-
2020	-	-	-	-	-	-	0.00%	-
2021	-	-	-	-	-	-	0.00%	-
2022	-	-	-	-	-	-	0.00%	-
2023	-	-	-	-	-	-	0.00%	-

NO LONG TERM DEBT FOR THE CHARTER SCHOOL

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

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-14

Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2014	70,172	\$ 3,211,421,580	\$ 45,765	9.40%
2015	70,167	3,305,567,370	47,110	8.00%
2016	70,052	3,343,301,752	47,726	7.20%
2017	70,064	3,377,365,056	48,204	6.70%
2018	69,876	3,498,761,196	50,071	5.80%
2019	69,647	3,630,628,463	52,129	4.80%
2020	69,340	3,614,624,860	52,129	13.50%
2021	69,340	3,614,624,860	52,129	13.50%
2022	69,340	3,614,624,860	52,129	13.50%
2023	69,340	3,614,624,860	52,129	13.50%

Source:

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

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

^c Personal capital income by municipality estimated based upon the 2010 Census published by the US Bureau of Economic Analysis.

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

J-15

2023

a Information not available.

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-16

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

<u>Function/Program</u>	Fiscal Year Ended June 30,									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Instruction										
Regular	67	67	67	67	67	65	65	65	55	47
Special education	12	12	12	12	12	12	14	11	11	11
Vocational										
Other instruction	13	13	13	13	13	13	13	11	11	7
Support Services:										
Student & instruction related services										
General administration	8	8	8	8	8	8	8	8	8	8
School administrative services										
Other administrative services										
Central services										
Administrative Information Technology	1	1	1	1	1	1	1	1	1	1
Plant operations and maintenance	5	5	5	5	5	5	5	5	5	3
Pupil transportation										
Other support services	5	5	5	5	5	5	5	5	5	6
Special Schools										
Food Service	8	8	8	8	8	8	8	8	8	8
Total	<u>119</u>	<u>119</u>	<u>119</u>	<u>119</u>	<u>119</u>	<u>117</u>	<u>119</u>	<u>114</u>	<u>104</u>	<u>91</u>

Source: Charter School Personnel Records

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-17

Operating Statistics

**Last Ten Fiscal Years
(Unaudited)**

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Kindergarten	Elementary				
2014	694	\$ 9,604,184	\$ 13,839	17.47%	57	1:10	1:10	694	690	21.97%	99.42%
2015	796	11,073,707	13,912	15.30%	77	1:10	1:10	796	790	14.70%	99.25%
2016	892	13,729,051	15,391	23.98%	87	1:10	1:10	892	890	12.06%	99.78%
2017	900	13,467,547	14,964	-1.90%	92	1:10	1:10	896	890	0.45%	99.33%
2018	897	13,485,955	15,035	0.14%	90	1:10	1:10	897	890	0.11%	99.22%
2019	900	13,681,714	15,202	1.45%	92	1:10	1:10	897	890	0.00%	99.22%
2020	900	14,348,851	15,943	4.88%	92	1:10	1:10	897	890	0.00%	99.22%
2021	894	13,976,852	15,634	-2.59%	92	1:10	1:10	897	890	0.00%	99.22%
2022	895	15,983,152	17,858	14.35%	92	1:10	1:10	897	890	0.00%	99.22%
2023	885	16,886,775	19,081	5.65%	92	1:10	1:10	885	870	-1.34%	98.25%

Sources: Charter School records

Note: Enrollment based on annual June Charter School count.

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

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

c Average daily enrollment and average daily attendance

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-18

School Building Information
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Square Feet	110,550	110,550	110,550	110,550	80,550	80,550	80,550	80,550	80,550	80,550
Capacity (students)	900	900	900	900	900	900	900	900	900	900
Enrollment	885	894	894	900	900	897	900	892	796	694

Source: School Records

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-19

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

2014	\$ 2,763,882
2015	2,621,497
2016	2,601,564
2017	2,666,902
2018	2,868,664
2019	2,862,611
2020	3,171,988
2021	3,016,915
2022	1,345,601
2023	1,540,913
	-
Total	<u><u>\$ 25,460,537</u></u>

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

Source: Charter School records

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-20

Insurance Schedule

June 30, 2023
(Unaudited)

	<u>Coverage</u>
Commercial property and general liability:	
Property:	
Personal Property	\$ 1,075,000
Business Income	3,450,000
Electronic Data Processing - Equipment Owned	60,000
Electronic Data Processing - Equipment In Transit	10,000
Employee Dishonesty	200,000
Forgery or Alteration	5,000
Building	8,100,000
Commercial General Liability:	
General Aggregate	3,000,000
Personal & Advertising Injury Limit	1,000,000
Damage to Premises Rented by Insured	300,000
Medical Expense Limit Per Person	5,000
Employee Benefits Liability	1,000,000
Abuse Sublimit - Per Person Limit	1,000,000
Abuse Sublimit - Aggregate Limit	1,000,000
Automobile	1,000,000
Umbrella Liability:	
Each Occurrence Limit	1,000,000
General Aggregate	1,000,000
Retained Limit	10,000
Workman's Compensation:	
Each Accident	1,000,000
Disease Policy Limit	1,000,000
Disease Each Employee	1,000,000
Directors & Officers:	
Each Occurrence Limit	3,000,000
Retained Limit	5,000

Source: Charter School Records

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-21

Charter School Performance Framework Financial Indicators
New Term Indicators

June 30, 2023
(Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash	\$ 10,073,381	\$ 8,787,820	\$ 8,699,279
Current assets	1,904,041	946,288	831,164
Capital assets, net	<u>2,927,729</u>	<u>3,324,931</u>	<u>3,189,942</u>
Total assets	<u>14,905,151</u>	<u>13,059,039</u>	<u>12,720,385</u>
Current liabilities	1,407,927	989,615	3,137,663
Long term liabilities	-	-	-
Total liabilities	<u>1,407,927</u>	<u>989,615</u>	<u>3,137,663</u>
Net position	<u><u>\$ 13,497,224</u></u>	<u><u>\$ 12,069,424</u></u>	<u><u>\$ 9,582,722</u></u>
Total revenue	\$ 22,485,280	\$ 22,598,550	\$ 18,146,290
Total expenses	<u>(21,025,887)</u>	<u>(20,976,737)</u>	<u>(17,376,570)</u>
Change in net position	<u><u>\$ 1,459,393</u></u>	<u><u>\$ 1,621,813</u></u>	<u><u>\$ 769,720</u></u>
Depreciation expense	\$ 426,253	\$ 422,387	\$ 386,556
Interest expense	-	-	-
Principal payments	-	-	-
Interest payments	-	-	-
Final average daily enrollment	885	895	894
March 30th budgeted enrollment	900	900	900

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>Three Year Cumulative</u>
NEAR TERM INDICATORS:				
Current ratio	8.51	9.84	3.04	21.38
Unrestricted days cash	174.87	152.91	182.73	510.51
Enrollment variance	98%	99%	99%	99%
Default	N/A	N/A	N/A	N/A

Source: Charter School Records

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-22

Charter School Performance Framework Financial Indicators
Sustainability Indicators

June 30, 2023
(Unaudited)

	2023	2022	2021
Cash	\$ 10,073,381	\$ 8,787,820	\$ 8,699,279
Current assets	1,904,041	946,288	831,164
Capital assets, net	2,927,729	3,324,931	3,189,942
Total assets	<u>14,905,151</u>	<u>13,059,039</u>	<u>12,720,385</u>
Current liabilities	1,407,927	989,615	3,137,663
Long term liabilities	-	-	-
Total liabilities	<u>1,407,927</u>	<u>989,615</u>	<u>3,137,663</u>
Net position	<u><u>\$ 13,497,224</u></u>	<u><u>\$ 12,069,424</u></u>	<u><u>\$ 9,582,722</u></u>
Total revenue	\$ 22,485,280	\$ 22,598,550	\$ 18,146,290
Total expenses	(21,025,887)	(20,976,737)	(17,376,570)
Change in net position	<u><u>\$ 1,459,393</u></u>	<u><u>\$ 1,621,813</u></u>	<u><u>\$ 769,720</u></u>
Depreciation expense	\$ 426,253	\$ 422,387	\$ 386,556
Interest expense	-	-	-
Principal payments	-	-	-
Interest payments	-	-	-
Final average daily enrollment	885	895	894
March 30th budgeted enrollment	900	900	900

	2023	2022	2021	Three Year Cumulative
SUSTAINABILITY INDICATORS:				
Total margin	6%	7%	4%	6%
Debt to asset	N/A	N/A	N/A	N/A
Cash flow	\$ 1,285,561	\$ 88,541	\$ 621,778	\$ 1,995,880
Debt service coverage ratio	N/A	N/A	N/A	N/A

Source: Charter School Records

Single Audit Section

GERALD D. LONGO

CERTIFIED PUBLIC ACCOUNTANT

62 OLD QUEENS BOULEVARD, MANALAPAN, NEW JERSEY 07726-3648

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K-1

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable President and
Members of the Board of Trustees
Community Charter School of Paterson
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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Community Charter School of Paterson ("the Charter School"), in the County of Passaic, State of New Jersey, as of and for the year ended June 30, 2023, 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 January 15, 2024.

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 our audit I did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School's financial statements are free of material misstatement, 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.

Gerald D. Longo, CPA

January 15, 2024
Manalapan, New Jersey

GERALD D. LONGO, CPA



Gerald D. Longo, CPA
Licensed Public School Accountant
No. 20CS00206400

GERALD D. LONGO

CERTIFIED PUBLIC ACCOUNTANT

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K-2

Independent Auditor's Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance Required by The Uniform Guidance and State of New Jersey OMB's Circular Letter 15-08

The Honorable President and
Members of the Board of Trustees
Community Charter School of Paterson
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 the Community Charter School of Paterson, in the County of Passaic, State of New Jersey's ("the Charter School's") compliance with the types of compliance requirements described in the *OMB Compliance Supplements* and *State of New Jersey Department of Treasury Circular 15-08-OMB Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal and state programs for the year ended June 30, 2023. The Charter School's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, the Charter School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2023.

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; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; 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 audit requirements of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.

Those standards, the Uniform Guidance, State of New Jersey Department of Treasury Circular 15-08-OMB and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey* require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the 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 program. My audit does not provide a legal determination of the 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, regulation, rules, and provisions of contracts or grant agreements applicable to the 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 the 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, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Charter School's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance, and New Jersey OMB Circular 15-08, I:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Charter School's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of the Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control over compliance. Accordingly, no such opinion is expressed.

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 instances of noncompliance which are required to be reported in accordance with the State of New Jersey OMB's Circular Letter 15-08 and which are described in the accompanying schedule of findings and questioned costs as item 2023-001. My opinion on each major program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Charter School's response to the noncompliance findings identified in my compliance audit described in the accompanying schedule of findings and questioned costs. The Charter School's response was not subjected to the other auditing procedures applied in the audit of compliance and accordingly, I express no opinion on the response.

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

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

Gerald D. Longo, CPA

January 15, 2024
Manalapan, New Jersey

GERALD D. LONGO, CPA

A handwritten signature in black ink that reads "Gerald D. Longo". The signature is fluid and cursive, with the first name "Gerald" and last name "Longo" clearly distinguishable.

Gerald D. Longo, CPA
Licensed Public School Accountant
No. 20CS00206400

COMMUNITY CHARTER SCHOOL OF PATERSON

Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

Federal Grant/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Federal Award Identification Number	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2022	Deferred Revenue at June 30, 2022	Due to Grantor at June 30, 2022	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2023	Deferred Revenue at June 30, 2023	Due to Grantor at June 30, 2023
Special Revenue Fund:															
U.S. Department of Health and Human Services, Pass Through Program: Passed-Through New Jersey State Department of Education															
Epidemiology and Laboratory Capacity for Infectious Diseases COVID-19 Testing Grant	93.323	Not Available	7/1/21-6/30/22	\$ 142,683	\$ (62,261)	\$ -	\$ -	\$ 285	\$ -	\$ 61,976	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal, U.S. Department of Health and Human Services, Pass Through Program					<u>(62,261)</u>	<u>-</u>	<u>-</u>	<u>285</u>	<u>-</u>	<u>61,976</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
U.S. Department of Education, Pass Through Programs: Passed-Through New Jersey State Department of Education															
Title I Part A - FY 2022-2023	84.010A	S010A220030	7/1/22-9/30/23	1,147,644	-	-	-	-	-	1,147,644	(1,147,644)	-	-	-	-
Title I - SIA Part A - FY 2022-2023	84.010A	S010A220030	7/1/22-9/30/23	40,800	-	-	-	-	-	40,800	(40,800)	-	-	-	-
IDEA Part B - FY 2022-2023	84.027A	H027A220100	7/1/22-9/30/23	220,563	-	-	-	-	-	220,563	(220,563)	-	-	-	-
IDEA Preschool - FY 2022-2023	84.173A	H173A220114	7/1/22-9/30/23	6,278	-	-	-	-	-	6,278	(6,278)	-	-	-	-
CRRSA-ESSER II	84.425D	S425D210027	3/13/20-9/30/23	2,965,444	(357,905)	-	-	-	-	1,763,911	(2,067,538)	-	(661,532)	-	-
CRRSA-Learning Acceleration	84.425D	S425D210027	3/13/20-9/30/23	190,307	-	-	-	-	-	-	(55,368)	-	(55,368)	-	-
CRRSA-Mental Health	84.425D	S425D210027	3/13/20-9/30/23	45,000	-	-	-	-	-	-	(40,500)	-	(40,500)	-	-
ARP ESSER III	84.425U	S425U210027	3/13/20-9/30/24	6,664,643	-	-	-	-	-	-	(746,824)	-	(746,824)	-	-
21st Century Grant - FY 2022-2023	84.287C	S287C220030	9/1/22-8/31/23	550,000	-	-	-	-	-	397,346	(462,787)	-	(65,441)	-	-
IDEA 21st Century Grant - FY 2022-2023	84.027X	H027X220100	9/1/22-8/31/23	35,000	-	-	-	-	-	-	(32,932)	-	(32,932)	-	-
					-	-	-	-	-	-	-	-	-	-	-
Title I Part A - FY 2021-2022	84.010A	S010A210030	7/1/21-9/30/22	1,029,827	(53,594)	-	-	-	-	53,594	-	-	-	-	-
IDEA Part B - FY 2021-2022	84.027A	H027A210100	7/1/21-9/30/22	4,957	(4,957)	-	-	-	-	4,957	-	-	-	-	-
21st Century Grant - FY 2021-2022	84.287C	S287C210030	9/1/21-8/31/22	650,000	(130,165)	-	-	-	-	223,109	(92,944)	-	-	-	-
IDEA 21st Century Grant - FY 2021-2022	84.027X	H027X210100	9/1/21-8/31/22	35,000	(18,246)	-	-	-	-	35,000	(16,754)	-	-	-	-
					-	-	-	-	-	-	-	-	-	-	-
Subtotal, U.S. Department of Education, Pass Through Programs					<u>(564,867)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,893,202</u>	<u>(4,930,932)</u>	<u>-</u>	<u>(1,602,597)</u>	<u>-</u>	<u>-</u>
Subtotal, Passed-Through New Jersey Department of Education					<u>(627,128)</u>	<u>-</u>	<u>-</u>	<u>285</u>	<u>-</u>	<u>3,955,178</u>	<u>(4,930,932)</u>	<u>-</u>	<u>(1,602,597)</u>	<u>-</u>	<u>-</u>
Total Special Revenue					<u>(627,128)</u>	<u>-</u>	<u>-</u>	<u>285</u>	<u>-</u>	<u>3,955,178</u>	<u>(4,930,932)</u>	<u>-</u>	<u>(1,602,597)</u>	<u>-</u>	<u>-</u>
Enterprise Fund:															
U.S. Department of Agriculture, Pass-Through Programs: Passed-Through New Jersey State Department of Agriculture															
National School Lunch Program	10.555	231NJ304N1199	7/1/22-6/30/23	531,029	-	-	-	-	-	495,653	(531,029)	-	(35,376)	-	-
National School Lunch Program	10.555	221NJ304N1099	7/1/21-6/30/22	524,517	(56,821)	-	-	-	-	56,821	-	-	-	-	-
Healthy, Hunger-Free Kids Act	10.555	231NJ304N1199	7/1/22-6/30/23	11,018	-	-	-	-	-	10,255	(11,018)	-	(763)	-	-
After School Snacks	10.555	231NJ304N1199	7/1/22-6/30/23	58,698	-	-	-	-	-	56,887	(58,698)	-	(1,811)	-	-
After School Snacks	10.555	221NJ304N1099	7/1/21-6/30/22	39,572	(1,971)	-	-	-	-	1,971	-	-	-	-	-
Subtotal Assistance Listing # 10.555					<u>(58,792)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>621,587</u>	<u>(600,745)</u>	<u>-</u>	<u>(37,950)</u>	<u>-</u>	<u>-</u>
School Breakfast Program	10.553	231NJ304N1199	7/1/22-6/30/23	184,955	-	-	-	-	-	171,933	(184,955)	-	(13,022)	-	-
School Breakfast Program	10.553	221NJ304N1099	7/1/21-6/30/22	202,909	(19,733)	-	-	-	-	19,733	-	-	-	-	-
Subtotal Assistance Listing # 10.553					<u>(19,733)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>191,666</u>	<u>(184,955)</u>	<u>-</u>	<u>(13,022)</u>	<u>-</u>	<u>-</u>
Total Enterprise Fund/Total U.S. Department of Agriculture, Pass-Through Programs/Child Nutrition Cluster					<u>(78,525)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>813,253</u>	<u>(785,700)</u>	<u>-</u>	<u>(50,972)</u>	<u>-</u>	<u>-</u>
Total Expenditures of Federal Awards					<u>\$ (705,653)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 285</u>	<u>\$ -</u>	<u>\$ 4,768,431</u>	<u>\$ (5,716,632)</u>	<u>\$ -</u>	<u>\$ (1,653,569)</u>	<u>\$ -</u>	<u>\$ -</u>

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

COMMUNITY CHARTER SCHOOL OF PATERSON

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2022	Deferred Revenue at June 30, 2022	Due to Grantor at June 30, 2022	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2023	Deferred Revenue at June 30, 2023	Due to Grantor at June 30, 2023
New Jersey State Department of Education														
General Fund:														
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	\$ 12,759,244	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,904,613	\$ (12,759,244)	\$ -	\$ (83,950)	\$ -	\$ 61,419
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	13,005,882	(82,706)	-	66,893	-	-	82,706	-	(66,893)	-	-	-
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	439,790	-	-	-	-	-	439,790	(439,790)	-	-	-	-
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	340,196	-	-	-	-	-	340,196	(340,196)	-	-	-	-
State Adjustment Aid	23-495-034-5120-085	7/1/22-6/30/23	479,615	-	-	-	-	-	479,615	(479,615)	-	-	-	-
TPAF/FICA Reimbursements	23-495-034-5095-003	7/1/22-6/30/23	267,956	-	-	-	-	-	241,660	(267,956)	-	(26,296)	-	-
TPAF/FICA Reimbursements	22-495-034-5095-003	7/1/21-6/30/22	384,095	(42,090)	-	-	-	-	42,090	-	-	-	-	-
TPAF Post Retirement Medical Contribution	23-495-034-5094-001	7/1/22-6/30/23	451,089	-	-	-	-	-	451,089	(451,089)	-	-	-	-
TPAF Pension Contribution - Normal & NCGI	23-495-034-5094-002	7/1/22-6/30/23	1,717,140	-	-	-	-	-	1,717,140	(1,717,140)	-	-	-	-
TPAF Long Term Disability Insurance Premium	23-495-034-5094-004	7/1/22-6/30/23	1,521	-	-	-	-	-	1,521	(1,521)	-	-	-	-
Total General Fund/Total State Department of Education				<u>(124,796)</u>	<u>-</u>	<u>66,893</u>	<u>-</u>	<u>-</u>	<u>16,700,420</u>	<u>(16,456,551)</u>	<u>(66,893)</u>	<u>(110,246)</u>	<u>-</u>	<u>61,419</u>
Special Revenue Fund:														
Charter & Renaissance School Project Emergent and Capital Maintenance Funds	23-495-034-5120-071	7/1/22-6/30/23	137,918	-	-	-	-	-	137,918	-	-	-	137,918	-
Preschool and Charter Security Grant	23-495-034-5120-086	7/1/21-9/30/23	49,051	-	-	-	-	-	-	(49,003)	-	(49,003)	-	-
Total Special Revenue Fund				<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>137,918</u>	<u>(49,003)</u>	<u>-</u>	<u>(49,003)</u>	<u>137,918</u>	<u>-</u>
Total New Jersey State Department of Education				<u>(124,796)</u>	<u>-</u>	<u>66,893</u>	<u>-</u>	<u>-</u>	<u>16,838,338</u>	<u>(16,505,554)</u>	<u>(66,893)</u>	<u>(159,249)</u>	<u>137,918</u>	<u>61,419</u>
New Jersey State Department of Agriculture - Direct Programs														
Enterprise Fund:														
State School Lunch Program	23-100-010-3350-023	7/1/22-6/30/23	9,450	-	-	-	-	-	8,800	(9,450)	-	(650)	-	-
State School Lunch Program	22-100-010-3350-023	7/1/21-6/30/22	12,964	(1,308)	-	-	-	-	1,308	-	-	-	-	-
State School Breakfast Program - After Bell	23-100-010-3350-023	7/1/22-6/30/23	7,804	-	-	-	-	-	7,233	(7,804)	-	(571)	-	-
Total Enterprise Fund/Total State Department of Agriculture - Direct Programs				<u>(1,308)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,341</u>	<u>(17,254)</u>	<u>-</u>	<u>(1,221)</u>	<u>-</u>	<u>-</u>
Total State Financial Assistance				<u>\$ (126,104)</u>	<u>\$ -</u>	<u>\$ 66,893</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,855,679</u>	<u>(16,522,808)</u>	<u>\$ (66,893)</u>	<u>\$ (160,470)</u>	<u>\$ 137,918</u>	<u>\$ 61,419</u>
Less Amounts Not Subject to Single Audit:										451,089				
TPAF Post Retirement Medical Contribution										1,717,140				
TPAF Pension Contribution - Normal & NCGI										1,521				
TPAF Long Term Disability Insurance Premium										<u>1,521</u>				
Total Expenditures of State Financial Assistance Subject to Single Audit										<u>\$ (14,353,058)</u>				

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

**COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)**

**Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2023**

1. General

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all expenditures of federal awards and state financial assistance of the Charter School. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

2. Basis of Accounting

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

3. Relationship to Basic Financial Statements

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2023

3. Relationship to Basic Financial Statements - *continued*

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

	Federal	State	Total
General Fund	\$ -	\$ 16,456,551	\$ 16,456,551
Special Revenue Fund	4,930,932	49,003	3,570,928
Enterprise Fund	785,700	17,254	802,954
Total	<u>\$ 4,307,625</u>	<u>\$ 16,522,808</u>	<u>\$ 20,830,433</u>

4. Relationship to Federal and State Financial Reports

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

5. Other

TPAF Social Security contribution in the amount of \$267,956 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2023. The amount reported as TPAF pension representing on-behalf employer's portion of the Pension System Contributions, Post-Retirement Medical Benefits Contributions and Long-Term Disability Insurance Premium Contributions in the amount of \$2,169,750 represents the amount paid by the State on behalf of the Charter School for the fiscal year ended June 30, 2023.

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 expenditures of state financial assistance provides a reconciliation of state financial assistance reported in the charter school's basic financial statements and the amount subject to state single audit and major program determination.

7. De Minimis Indirect Cost

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Part I Summary of Auditors' Results

Financial Statements Section

Type of auditors' report issued: Unmodified
Internal control over financial reporting:

Material weaknesses identified? _____ Yes ☒ No

Significant deficiencies identified? _____ Yes ☒ None reported

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

Federal Awards Section

Internal control over major programs:

Material weaknesses identified? _____ Yes ☒ No

Significant deficiencies identified? _____ Yes ☒ None reported

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

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

Identification of major programs:

Assistance Listing

<u>Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425D	S425D200027	CARES Emergency Relief Grant
84.425D	S425D210027	Coronavirus Response and Relief Supplemental Act (CRRSA) ESSER II

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

Auditee qualifies as low-risk auditee? ☒ Yes _____ No

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Part I Summary of Auditors' Results

State Financial Assistance Section

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

Auditee qualifies as low-risk auditee? ☒ Yes ☐ No

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

Internal control over major programs:

Material weaknesses identified? ☐ Yes ☒ No

Significant deficiencies identified? ☐ Yes ☒ None reported

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

Identification of Major Programs:

<u>State Grant/Program Number(s)</u>	<u>Name of State Program or Cluster</u>
23-495-034-5120-078	Equalization Aid
23-495-034-5120-089	Special Education Aid
23-495-034-5120-084	Security Aid
23-495-034-5120-085	State Adjustment Aid
23-495-034-5095-003	Reimbursed TPAF Social Security Contributions

**COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023**

Part II – Schedule of Financial Statement Findings

NONE

**COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023**

Part III – Schedule of Federal Awards

NONE

Part III – Schedule of State Financial Assistance

**2023-001 – FICA Reimbursement from Schools to the State Treasury (FICA) TPAF
Pension Reimbursement from Schools to the State Treasury
TPAF Reimbursement to the State for Federal Salary Expenditures
Reimbursement Amount Not Remitted to the State Timely**

**Information on State Financial Assistance
New Jersey Department of Education**

<u>State Grant #</u>	<u>State Grant</u>
23-495-034-509-003	Reimbursed TPAF Social Security Contributions

State Grant Compliance Supplement –FICA Reimbursement from Schools

Criteria

N.J.S.A. 18A:66-90 requires a public employer to reimburse the State Treasury, within 90 days after the close of the fiscal year under audit, reimbursement of the employer's share of pension, group life insurance, social security and other benefits attributable to carrying out the programs financed by the Federal Government involving members of the Teachers' Pension and Annuity Fund. Reimbursements are accompanied by an annual Reimbursement Form – Pension and Social Security – Federally Funded Programs provided by the State Department of Education.

Condition/Context

As part of our audit we were required to obtain a copy of the *N.J.S.A.* 18A:66-90 reimbursement request letter and accompanying reimbursement calculation and transmittal form issued by the Department during July 2023 from the Department website and a copy of the cancelled check, representing reimbursement back to the State for TPAF pension and FICA payments made by the State for TPAF member wages.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Part III – Schedule of State Financial Assistance

2023-001 – FICA Reimbursement from Schools to the State Treasury (FICA) TPAF
Pension Reimbursement from Schools to the State Treasury
TPAF Reimbursement to the State for Federal Salary Expenditures
Reimbursement Amount Not Remitted to the State Timely

Condition/Context - continued

I noted that the Charter School properly determined the amount of the TPAF/FICA to be reimbursed to the State and the payable was properly accrued as of June 30, 2023. However, the amount was not paid to the State as of the date of my report. It should be noted that the amount was statutorily due on September 30, 2023 – 90 days after June 30, 2023 year end.

Questioned Costs

None

Cause

None

Effect

Noncompliance with State Grant Compliance Supplement, as the form was required to be filed by September 30, 2023

Recommendation

I recommend that the reimbursement amount be paid immediately and be paid timely in the future – that is no later than 90 days after the fiscal year end.

Management's Response/Views of Responsible Officials and Planned Corrective Action

We agree with the auditor's recommendation. The amount due was properly calculated and accrued in the financial statements as of June 30, 2023. The amounts due have been subsequently paid and in the future we plan to make all payments due to the State no later than the statutory deadline.

**COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2023**

There were no prior year's audit findings.