



ATLANTIC COMMUNITY  
CHARTER SCHOOL

Atlantic Community Charter School, Inc.

Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2023

**ATLANTIC COMMUNITY CHARTER SCHOOL**  
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## **INTRODUCTORY SECTION**



ATLANTIC COMMUNITY  
CHARTER SCHOOL

112 South New York Road  
Galloway, NJ 08205  
Phone: 609.428.4300

[AtlanticCommunityCharter.com](http://AtlanticCommunityCharter.com)

November 30, 2023

The Honorable President and  
Members of the Board of Trustees  
Atlantic Community Charter School  
Galloway, New Jersey 08205

Dear Board Members:

We are pleased to present to you the Annual Comprehensive Financial Report (the "ACFR") of the Atlantic Community Charter School (the "Charter School") for the fiscal year ended June 30, 2023. This ACFR includes the Charter School's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (the "Board").

To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

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

- The Introductory Section contains a Letter of Transmittal, Organizational Charter, Roster of Officials, and a listing of the Consultants and Advisors of the Charter;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected financial and demographic information, generally presented on a multi- year basis;
- The Single Audit Section -The Charter School is required to undergo an annual single audit, if applicable, in conformity with the provisions 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 State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts, and grants, along with findings and questioned costs, are included in the single audit section of this report.

## **Charter School Organization**

An appointed seven member Board serves as the policy maker for the Charter School. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of the Charter School's tax money.

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

### **1. REPORTING ENTITY AND ITS SERVICES**

The Charter School is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the Charter School are included in this report. The Charter School's Board constitutes the Charter School's reporting entity.

The Charter School provides a full range of services appropriate to grade levels Kindergarten through Eighth grade. These services include regular, as well as special education and basic skills instruction. The Charter School completed the 2022-23 school year with an enrollment of 327 students.

### **2. ECONOMIC CONDITION AND OUTLOOK**

The Charter School opened in September 2014 with a four-year charter expiring on June 30, 2018. On January 11, 2018, the State of New Jersey Department of Education renewed the Charter School's charter for a period of five years through June 30, 2023. On February 1, 2023, the charter was renewed for another five years through June 30, 2028. Enrollment at the Charter School has grown from an initial 150 students to 327 students for the school year ended June 30, 2023. Expected enrollment for 2023-24 school year is 358 students. Management is stable and the Charter School's finances support the anticipated growth of the student population.

### **3. MAJOR INITIATIVES**

The Charter School has developed a comprehensive strategic plan to support its mission of academic achievement in all areas based on a foundation of strong literacy as a blueprint for the achievement of its goals. The plan includes the use of data driven instruction and decision making by teachers and administrators; formal professional development for the certified and non-certified staff; and the implementation of a technology plan in all classrooms.



#### **4. INTERNAL ACCOUNTING CONTROLS**

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

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

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

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

#### **5. BUDGETARY CONTROLS**

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. There were no amounts to be reported as assignments of fund balance at June 30, 2023. (no re-appropriations)

#### **6. ACCOUNTING SYSTEM AND REPORTS**

The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the Charter School is organized on the basis of funds.

#### **7. CASH MANAGEMENT**

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

## 8. RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, directors and officer's liability, child molestation, accident insurance, workers compensation, hazard and theft on property and contents, benefits, and surety bonds.

## 9. OTHER INFORMATION

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

## 10. ACKNOWLEDGEMENTS

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

Respectfully submitted,

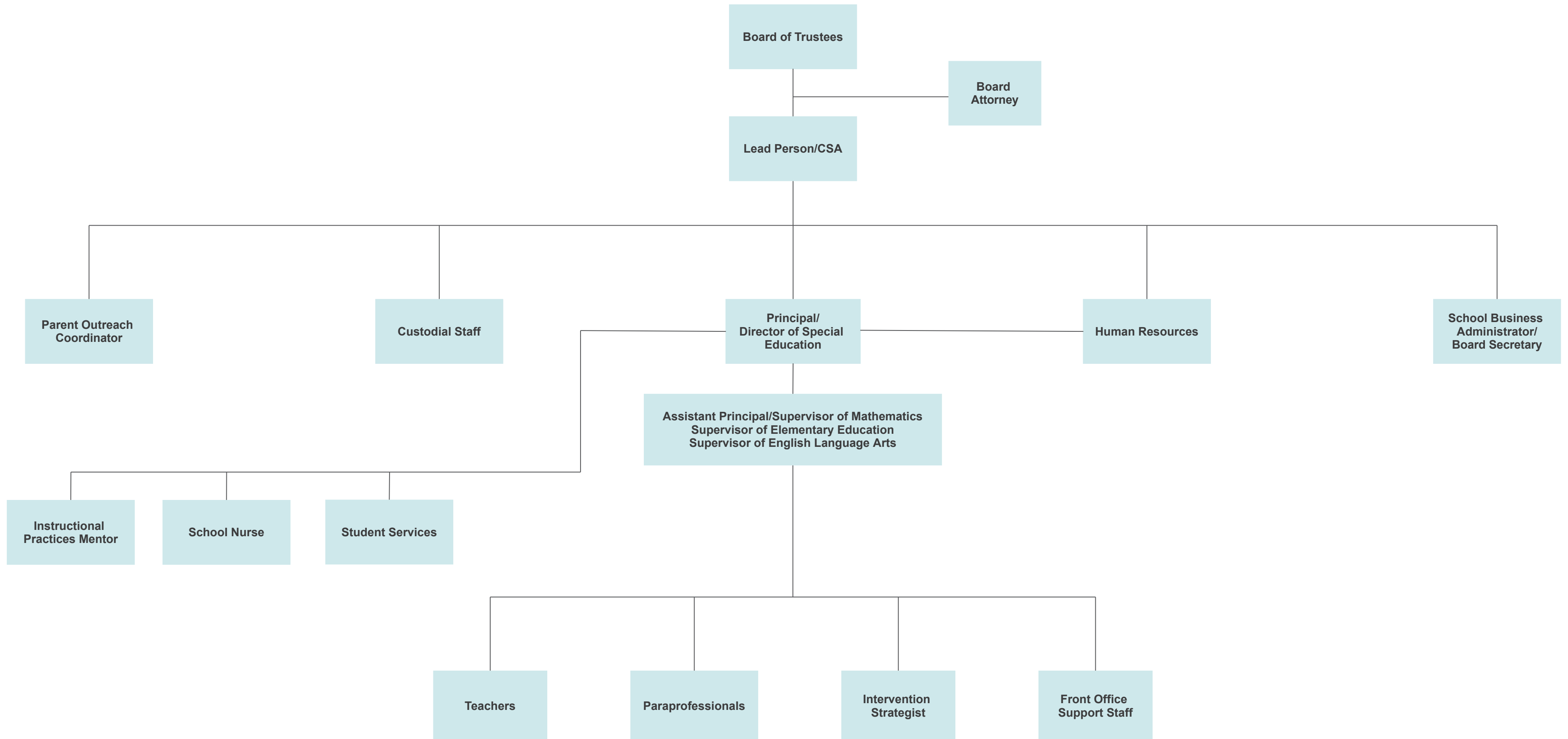


Mr. Glenn Richardson  
School Business Administrator/Board Secretary



Mr. Christopher Armstrong  
Lead Person/Principal

# Atlantic Community Charter School 2022-2023 Organizational Chart



**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.  
GALLOWAY, NEW JERSEY**

**ROSTER OF OFFICIALS  
June 30, 2023**

**Members of the Board of Trustees**

**Officers:**

Dr. Dominick Potena	President
Dr. Kenneth King	Vice President

**Board Members:**

Matthew Heinle  
Peter Damon Seltzer  
Marlene D. Frayne  
Linda A. Brand  
Douglas B. Groff

**Staff:**

Dr. Shelly Ward Richards	Lead person
Steve DiMatteo	Principal/Director of Special Education
Mr. Glenn Richardson	School Business Administrator and Board Secretary

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.  
GALLOWAY, NEW JERSEY**

**CONSULTANTS & ADVISORS  
June 30, 2023**

**Management Company:**

CSMI, LLC  
419 Avenue of the States  
Chester, PA 19013

**Board Secretary:**

Mr. Glenn Richardson  
Pressler Richardson Charter School Services  
P.O. Box 69  
Roosevelt, NJ 08555

**School Business Administrator:**

Mr. Glenn Richardson  
Pressler Richardson Charter School Services  
P.O. Box 69  
Roosevelt, NJ 08555

**Certified Purchasing Agent:**

James Shoop  
12 Henning Drive  
Fairfield NJ 07004

**Audit Firm:**

Bowman & Company LLP  
601 White Horse Road  
Voorhees, NJ 08043-2493

**Attorney:**

Seth Broder  
Broder Law Group, P. C.  
110 Marter Avenue, Suite 103  
Moorestown, NJ 08057

**Official Depositories:**

Fulton Bank of NJ  
Suite 250  
533 Fellowship Road  
Mt. Laurel, NJ 08054

**Insurance Broker:**

Conner Strong & Buckelew  
40 Lake Center Executive Park  
401 Rt 73N  
Marlton, NJ 08053

## **FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Trustees  
Atlantic Community Charter School, Inc.  
Galloway, New Jersey 08205

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of the Atlantic Community Charter School, Inc., in the County of Atlantic, State of New Jersey, 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 our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Atlantic Community Charter School, Inc., in the County of Atlantic, State of New Jersey, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

##### ***Restatement of Prior Period Financial Statements***

During the fiscal year ended June 30, 2023, the financed purchase agreement for the Charter School's land and building was modified. As a result, the Charter School has restated net position of governmental activities as of July 1, 2022 on the statement of activities to reflect the reduction in the value of capital assets net of accumulated depreciation, accrued interest payable and the liability for the financed purchase, as discussed in note 16. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Charter School's ability to continue as a going concern for a reasonable period of time.

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



**Required Supplementary Information**

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

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Atlantic Community Charter School, Inc.'s basic financial statements. The combining statements and related major fund supporting statements and schedules, are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are also presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and related major fund supporting statements and schedules, and 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 and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023 on our consideration of the Atlantic Community Charter School, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Atlantic Community Charter School, Inc.'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 Atlantic Community Charter School, Inc.'s internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Scott P. Barron  
Certified Public Accountant  
Public School Accountant No. CS 002459

Voorhees, New Jersey  
November 30, 2023

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

## **ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2023

(Unaudited)

As management of the Atlantic Community Charter School, Inc. (hereafter referred to as the "Charter School"), we offer readers of the Charter School's annual comprehensive financial report this narrative overview and analysis of the financial activities for the fiscal year that ended on June 30, 2023. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the information furnished in our letter of transmittal, notes to the basic financial statements, and financial statements to enhance their understanding of the Charter School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain required comparative information between the current fiscal year (2022-2023) and the prior fiscal year (2021-2022) is presented in the MD&A.

### **FINANCIAL HIGHLIGHTS**

- The net position of the Charter School, which represents the difference between the summation of assets and deferred outflows of resources and the summation of liabilities and deferred inflows of resources, totaled \$1,356,619 at the close of the current fiscal year all of which is for governmental activities. This included (\$608,065) net investment in capital assets, a restricted net position of \$721 for student activities and an unrestricted net position of \$1,963,963. At June 30, 2022, net position was a deficit of (\$920,821); however due to a prior period adjustment of \$434,339, the net position (deficit) has been restated to (\$486,482). This prior period adjustment has been disclosed in the Notes to the Financial Statements (Note 16).
- General revenues were \$6,949,483 or 58% of all revenues. Program specific revenues in the form of charges for services, operating grants and capital grants were \$3,455,260 or 29% of total revenues. The Charter School also realized a special item for an employee retention credit of \$1,513,801, net of contingency fees, or 13% of revenues. Total revenues were \$11,918,544. Total revenues at June 30, 2022 were \$9,190,310.
- Expenses were \$10,075,443. Expenses at June 30, 2022 were \$9,469,516.
- Capital assets net of accumulated depreciation were \$4,954,532. Capital assets net of accumulated depreciation at June 30, 2022 were \$6,147,088; however due to a prior period adjustment mentioned previously, this balance has been restated to \$5,110,872.
- General Fund fund balance at June 30, 2023 was \$3,028,279. General Fund fund balance at June 30, 2022 was \$835,484.

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2023  
(Unaudited)

## **USING THIS ANNUAL COMPREHENSIVE FINANCIAL REPORT**

This annual comprehensive financial report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Charter School as a whole and present a longer-term view of the Charter School's finances. Fund financial statements for the governmental activities tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Charter School's operations in more detail than the government-wide statements by providing information about the Charter School's most significant funds.

### Reporting the Charter School as a Whole

One of the most important questions asked about the Charter School's finances is, "Is the Charter School as a whole better off or worse off as a result of the fiscal year's activities?" The statement of net position and the statement of activities report information about the Charter School as a whole and about its activities in a way that helps answer this question.

These statements include *all* assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All the current fiscal year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Charter School's *net position* and changes in it. You can think of the Charter School's net position - which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources - as one way to measure the Charter School's financial health, or *financial position*. Over time, *increases or decreases* in the Charter School's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Charter School's revenue base and the condition of the Charter School's capital assets, to assess the *overall health* of the Charter School.

### Reporting the Charter School's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds, not the Charter School as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Charter School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Charter School can be divided into two categories: governmental funds and proprietary funds.

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

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

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2023  
(Unaudited)

**USING THIS ANNUAL COMPREHENSIVE FINANCIAL REPORT (CONT'D)**

Reporting the Charter School's Most Significant Funds (Cont'd)

The Charter School maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and special revenue fund, which are both, considered major funds. For the current and previous fiscal year, the Charter School did not have any activity in the capital projects fund.

The Charter School adopts an annual budget for its general fund and special revenue fund. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

*Proprietary Funds* - The Charter School does not maintain a proprietary fund as its food services operation is outsourced to a New Jersey public school district.

*Notes to the Financial Statements* - the notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**THE CHARTER SCHOOL AS A WHOLE**

During fiscal year 2023, the Charter School's net position increased by \$1,843,101; however due to the prior period adjustment mentioned previously, net position increased an additional \$434,339. Net position at June 30, 2022, as restated was a deficit of (\$486,482). At June 30, 2023, net position is \$1,356,619. The analysis that follows focuses on the net position (Table A-1), the impact on net position from the implementation of GASB 68 (Table A-2) and changes in net position (Table A-3) of the Charter School's governmental activities. The net cost of governmental activities is shown in Table A-4.

**Table A-1**  
**STATEMENTS OF NET POSITION**

	<u>Governmental Activities</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<b>ASSETS:</b>		
Cash and Cash Equivalents	\$ 3,397,056	\$ 758,304
Accounts Receivable, net	505,205	610,602
Prepaid Expenses	801	3,619
Restricted Cash and Cash Equivalents	23,750	833,320
Capital Assets, net	4,954,532	6,147,088
Total Assets	8,881,344	8,352,933
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Related to Pensions	861,489	930,658

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2023  
(Unaudited)

**THE CHARTER SCHOOL AS A WHOLE (CONT'D)**

**Table A-1 (Cont'd)**  
**STATEMENTS OF NET POSITION**

	<u>Governmental Activities</u>	
LIABILITIES	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Accounts Payable and Accrued Expenses	\$ 803,714	\$ 1,079,367
Accrued Interest Payable	17	49,559
Payable to Local Government	176,573	375,998
Unearned Revenue	1,509	
Noncurrent Liabilities:		
Due within One Year	119,342	159,692
Due beyond One Year	7,049,704	7,976,841
	<u>8,150,859</u>	<u>9,641,457</u>
 Total Liabilities		
	<u>8,150,859</u>	<u>9,641,457</u>
 DEFERRED INFLOWS OF RESOURCES:		
Related to Pensions	<u>235,355</u>	<u>562,955</u>
 NET POSITION		
Net Investment in Capital Assets	(608,065)	(498,421)
Restricted	721	
Unrestricted	1,963,963	(422,400)
	<u>1,963,963</u>	<u>(422,400)</u>
 Total Net Position (Deficit)	<u>\$ 1,356,619</u>	<u>\$ (920,821)</u>

**Table A-2**  
**STATEMENT OF NET POSITION - EFFECT OF PENSION RELATED ITEMS**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>	<u>% Change</u>
Deferred Outflows Related to Pensions	\$ 861,489	\$ 930,658	\$ (69,169)	-7%
Less: Net Pension Liability	(1,060,581)	(695,000)	(365,581)	53%
Less: Deferred Inflows Related to Pensions	<u>(235,355)</u>	<u>(562,955)</u>	<u>327,600</u>	-58%
 Total	<u>\$ (434,447)</u>	<u>\$ (327,297)</u>	<u>\$ (107,150)</u>	

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2023  
(Unaudited)

**THE CHARTER SCHOOL AS A WHOLE (CONT'D)**

Total assets increased by \$528,411 or 6%. This net increase resulted from the overall cash position increased by \$1,829,182 and was offset by decreases for receivables by (\$105,397) and prepaid expenses by (\$2,818). Capital Assets decreased (\$1,192,556) from a decrease for a prior period adjustment for land and buildings net of accumulated depreciation of (\$1,036,216), current year depreciation of (\$187,124) offset with current year purchases of \$30,784. The prior period adjustment is presented as an adjustment to beginning net position and not presented in the assets in Table A-1.

Deferred outflows decreased (\$69,169) because of Governmental Accounting Standards Board Statement No. 68 (GASB 68) for the Charter School's participation in the Public Employees' Pension Plan.

Overall liabilities decreased by (\$1,490,598) or (15%). This net decrease included a decrease in noncurrent liabilities of (\$967,487). Included in this net decrease are a prior period adjustment for a financed purchase for land and a building which decreased (\$1,076,273) and the associated accrued interest payable which decreased (\$394,282). The prior period adjustment is presented as an adjustment to beginning net position and not presented in the liabilities in Table A-1. Other changes in noncurrent liabilities were a net decrease in compensated absences of (\$14,208), a decrease in financed purchases payable of (\$6,639) offset by increases for net pension liability for \$365,581 and accrued interest in the current year of \$108,776. Also included in the net decrease in liabilities is a decrease in accounts payable of (\$275,653); a decrease in the current portion of accrued interest payable (\$49,542); a decrease in amounts payable to local governments of (\$199,425) offset by an increase in unearned revenue \$1,509.

Deferred inflows of resources decreased by (\$327,600) because of Governmental Accounting Standards Board Statement No. 68 (GASB 68) for the Charter School's participation in the Public Employees' Pension Plan.

One portion of the Charter School's total net position at the end of the current fiscal year is a deficit of (\$608,065) reflecting its net investment in capital assets (i.e., land, buildings, and equipment). This component represents capital assets, net of accumulated depreciation and net of outstanding balances of borrowings in the form of a financed purchases used for the acquisition of these assets. It is a deficit because the balance of the underlying debt exceeds the recorded value of the asset net of accumulated depreciation. This position was (\$498,421) at June 30, 2022; however due to the prior period adjustment related to these assets and the underlying debt, it has been restated. The Charter School uses these assets to provide educational services to students; consequently, these assets are not available for future spending.

The Charter School has restricted net position from its student activities of \$721. At June 30, 2022, there was no restricted net position.

The final component of net position is unrestricted. This component represents resources and uses that do not meet the criteria of the aforementioned component of net position. At the end of the current fiscal year, the Charter School's unrestricted net position at June 30, 2023 was \$1,963,963. This was a deficit of (\$422,400) at June 30, 2022.



**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2023  
(Unaudited)

**THE CHARTER SCHOOL AS A WHOLE (CONT'D)**

**Table A-3**  
**STATEMENTS OF ACTIVITIES**

	<u>Governmental</u> <u>Activites</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 2,717	
Operating Grants and Contributions	3,421,759	\$ 3,191,817
Capital Grants and Contributions	30,784	47,186
General Revenues:		
Charter School Aid	6,840,158	5,750,766
State and Federal Aid - Not Restricted	10,243	184,159
Miscellaneous Income	99,082	16,382
Special Item:		
Employee Retention Credit, Net	1,513,801	
Total Revenues and Special Items	<u>11,918,544</u>	<u>9,190,310</u>
Expenses:		
Regular Instruction	2,531,440	2,263,985
Special Education Instruction	424,568	462,577
Bilingual Education Instruction	109,090	85,398
Support Services and Undistributed Costs:		
Student and Instruction Related Services	1,163,664	971,088
School Administrative Services	510,533	504,480
Other Administrative Services	1,938,378	1,692,164
Plant Operations and Maintenance	513,449	387,441
Pupil Transportation	94,029	107,813
Unallocated Benefits	2,337,285	2,441,887
Interest on Long-term Debt	453,007	552,683
Total Expenses	<u>10,075,443</u>	<u>9,469,516</u>
Change in Net Position	<u>1,843,101</u>	<u>(279,206)</u>
Net Position, July 1	(920,821)	253,068
Prior Period Adjustment	<u>434,339</u>	<u>(894,683)</u>
Net Position (Deficit), July 1 (Restated)	<u>(486,482)</u>	<u>(641,615)</u>
Net Position (Deficit), June 30	<u>\$ 1,356,619</u>	<u>\$ (920,821)</u>

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2023  
(Unaudited)

**THE CHARTER SCHOOL AS A WHOLE (CONT'D)**

During fiscal year 2023, the Charter School's total revenues increased by \$2,728,234 increasing from \$9,190,310 in fiscal year 2022 to \$11,918,544 in fiscal year 2023. The net increase in total revenues is attributable to increases in charges for services of \$2,717; operating grants and contributions of \$229,942, Charter School Aid of \$1,089,392, and miscellaneous revenues of \$82,700. Increases also include a special item for an employee retention credit of \$1,513,801, net of contingency fees paid. The increases were offset by decreases for Adjustment Aid of (\$171,255), SEMI Medicaid of (\$2,906) and capital grants and contributions of (\$16,402).

The largest concentration of total revenues of the Charter School for fiscal year 2023 is Charter School Aid, which consisted of Local Levy Equalization Aid State and Local Share and Categorical Special Education and Security Aid which totaled \$6,840,158 and represented 57% of total revenues. Revenues also included operating and capital grants of \$3,421,759 or 29%, and a special item for employee retention credit net of contingency fees paid of \$1,513,801, or 13%. Revenue sources which were 1% or less each were miscellaneous revenues of \$99,081; capital grants and contributions of \$30,784 SEMI Medicaid of \$9,998 and lead testing state aid of \$245. Governmental activities rely heavily on the revenues coming from or passing through the student's district of residence, which are the Local Levy Equalization Aid State and Local Share and Categorical Aid, to fund general operations.

During fiscal year 2023, the Charter School's total expenses increased by \$605,927 from \$9,469,516 in fiscal year 2022 to \$10,075,443 in fiscal year 2023. The net increase in total expenses resulted from increases for instruction of \$253,138 or 9%; student and instruction related services of \$192,576 or 20%; school administrative services of \$6,053 or 1%; other administrative services of \$246,214 of 15% and plant operations and maintenance of \$126,008 or 33%; offset by decreases for student transportation of (\$13,784) or (13%); unallocated benefits of (\$104,602) or (4%) and interest on long-term debt of (\$99,676) or (18%).

**Table A-4**  
**NET COST OF GOVERNMENTAL ACTIVITIES**

	2023		2022	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Regular Instruction	\$ 2,531,440	\$ 1,504,390	\$ 2,263,985	\$ 1,352,891
Special Education Instruction	424,568	424,568	462,577	462,577
Bilingual Education Instruction	109,090	109,090	85,398	85,398
Support Services and Undistributed Costs:				
Student and Instruction Related Services	1,163,664	390,216	971,088	365,566
School Administrative Services	510,533	510,533	504,480	504,480
Other Administrative Services	1,938,378	1,938,378	1,692,164	1,692,164
Plant Operations and Maintenance	513,449	452,817	387,441	387,441
Pupil Transportation	94,029	94,029	107,813	107,813
Unallocated Benefits	2,337,285	743,747	2,441,887	721,304
Interest on Long-term Debt	453,007	452,415	552,683	550,879
<b>Total Expenses</b>	<b>\$ 10,075,443</b>	<b>\$ 6,620,183</b>	<b>\$ 9,469,516</b>	<b>\$ 6,230,513</b>

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2023  
(Unaudited)

**THE CHARTER SCHOOL'S FUNDS**

Governmental Funds

As the Charter School completed the fiscal year, its governmental funds had a fund balance of \$3,029,000. At June 30, 2022, the fund balance was \$835,484.

*General Fund* - The general fund is the general operating fund of the Charter School and is used to account for the inflows and outflows of its financial resources. The acquisition of certain capital assets, such as land, buildings, and equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures. At the end of the current fiscal year, the Charter School's fund balance in the general fund was \$3,028,279.

The primary factors affecting operations in the general fund were as follows:

- Total revenues (Table A-5) increased from fiscal year 2022 by \$1,298,364. The revenue sources primarily contributing to the increase were increases for Charter School Aid (Local Levy Equalization Aid – State and Local Share and Categorical Aid) of \$1,089,392, TPAF Pension and Social Security \$300,190, Lead Testing for schools \$245 and local sources \$82,698. These were offset by decreases of State Sources for Adjustment Aid of (\$171,255) and Federal Sources for SEMI Medicaid of (\$2,906).
- A special item for an Employee Retention Credit is presented along with the costs associated with obtaining the credit on Exhibit B-2 for \$1,513,801.
- Total expenditures (Table A-6) increased from fiscal year 2022 by \$748,198. The expenditures contributing to the increase were increases for instruction of \$101,895; student and instruction related services of \$25,371; school and other administrative services of \$252,267; plant operations of \$81,824; TPAF Pension and Social Security which increased \$300,190, and debt service of \$6,738; offset by decreases for pupil transportation of (\$13,784); employee benefits of (\$2,295) and capital outlay of (\$2,718).

**Table A-5**  
**SUMMARY OF GENERAL FUND REVENUE**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Revenues:		
Local Sources:		
Unrestricted Miscellaneous Revenue	\$ 99,081	\$ 16,383
State Sources:		
Charter School Aid	6,840,158	5,750,766
Adjustment Aid		171,255
Lead Testing for Schools	245	
TPAF Pension and Social Security	1,380,246	1,080,056
Total State Sources	<u>8,220,649</u>	<u>7,002,077</u>
Federal Sources:		
SEMI Medicaid	9,998	12,904
Total General Fund Revenues	<u>\$ 8,329,728</u>	<u>\$ 7,031,364</u>

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2023  
(Unaudited)

**THE CHARTER SCHOOL'S FUNDS (CONT'D)**

Governmental Funds (Cont'd)

General Fund (Cont'd)

**Table A-6**  
**SUMMARY OF GENERAL FUND EXPENDITURES**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Regular Instruction	\$ 1,346,691	\$ 1,230,479
Special Education Instruction	424,568	462,577
Bilingual Education Instruction	109,090	85,398
Support Services and Undistributed Costs:		
Student and Instruction Related Services	390,937	365,566
School Administrative Services	518,947	514,184
Other Administrative Services	1,938,378	1,692,164
Plant Operations and Maintenance	462,782	380,958
Pupil Transportation	94,029	107,813
Unallocated Benefits	641,444	643,739
TPAF Pension and Social Security	1,380,246	1,080,056
Debt Service	343,622	336,884
Capital Outlay		<u>2,718</u>
 Total General Fund Expenditures	 <u>\$ 7,650,734</u>	 <u>\$ 6,902,536</u>

**General Fund Budgetary Highlights**

The final budgetary basis revenue estimate was \$6,840,403, a decrease of (\$1,067,047) from the original budget estimate of \$7,907,450. Total budgeted revenues realized equaled \$8,220,649, which was \$1,380,246 in excess of the final budget estimate. This excess resulted from the recognition of revenues for TPAF Pension and Social Security, which were not budgeted. Also not budgeted and presented as a special item is an employee retention credit shown net of the associated costs of obtaining the credit for \$1,513,801.

The final budgetary basis expenditure appropriation estimate was \$6,270,488, which is a decrease of (\$818,634) from the original budget estimate of \$7,089,122. Actual expenditures of \$7,650,734 were in excess of the final budget estimate by \$1,380,246. This excess was primarily the result of the recognition of expenditures for TPAF Pension and Social Security \$1,380,246 which were not budgeted.

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2023  
(Unaudited)

**THE CHARTER SCHOOL'S FUNDS (CONT'D)**

Governmental Funds (Cont'd)

Special Revenue Fund (Cont'd)

*Special Revenue Fund* - The special revenue fund is used to account for and report the proceeds of specific revenue sources, such as state or federal government grants, which are restricted or committed to expenditure for specified purposes other than debt or capital projects. Fiscal year 2023 activity resulted from the Charter School administering and operating programs funded by the following federal awards: Title I Grants to Local Educational Agencies including SIA, Supporting Effective Instruction State Grants (Title II), Student Support & Academic Enrichment Grant (Title IV), Rural and Low-Income School Program (Title V), Special Education Grants to States (I.D.E.A. Basic and Preschool) which also included American Rescue Plan funding, Education Stabilization Funds which included the Coronavirus Response and Relief Supplemental Appropriations (CRRSA ESSER II) and American Rescue Plan (ARP ESSER). The Charter School also administered two state awards: The Preschool and Charter School Security Compliance Grant and the Charter School Facilities Improvement Grant. Also included in the Special Revenue Fund is the revenues and expenditures for student activities. Total revenues were \$2,117,966 and total expenditures were \$2,117,245 for the programs in the special revenue fund. In the previous fiscal year, these were \$1,726,410 for both revenue and expenditures.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets

The Charter School's capital asset balance for its governmental activities as of June 30, 2023 amounted to a historical cost of \$5,817,749 or \$4,954,532 net of accumulated depreciation (see Table A-7). This balance of capital assets includes land, buildings, improvements, and equipment. Net capital assets decreased by (\$156,340) in fiscal year 2023 from fiscal year 2022 which were reported at \$6,147,088 in the prior fiscal year; however as a result of a prior period adjustment resulting in a decrease in an asset net of accumulated depreciation of (\$1,036,216), the prior year has been restated as \$5,110,872. Other changes in capital assets in fiscal year 2023 were from acquisitions of \$30,784 offset by depreciation expense on new and existing capital assets for (\$187,124).

**Table A-7**  
**CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)**  
**As of June 30, 2023 and 2022**

	Governmental Activities	
	<u>2023</u>	<u>2022</u> <u>(Restated)</u>
Land	\$ 779,050	\$ 779,050
Buildings and Improvements	4,836,968	4,815,181
Equipment	201,731	192,734
Less Accumulated Depreciation	(863,217)	(676,093)
Net Capital Assets	<u>\$4,954,532</u>	<u>\$ 5,110,872</u>

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2023  
(Unaudited)

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONT'D)**

Long-Term Debt

*Financed Purchases.* At the end of the current fiscal year, the Charter School had financed purchases of \$5,562,597 outstanding. This balance resulted from a decrease from a prior period adjustment for the Charter School's facility of (\$1,076,273) and the payments on financed purchases of (\$6,639). The balance for the financed purchases in the prior fiscal year before being restated by the prior period adjustment was \$6,645,509 and has been restated to \$5,569,236. In addition, the Charter School has accrued interest payable that is expected to be paid beyond one year of \$454,687. This balance also experienced a prior period adjustment of (\$394,282). The balance for this noncurrent accrued interest payable in the prior fiscal year before being restated by the prior period adjustment was \$690,634 and has been restated to \$345,911.

*Compensated Absences.* At the end of the current fiscal year, the Charter School had a \$91,181 liability for compensated absences, a net decrease of (\$14,208) from the prior fiscal year balance of \$105,389. This liability represents the Charter School's contractual obligation to compensate employees for accumulated unused paid time off.

*Net Pension Liability.* At the end of the current fiscal year, the Charter School had a \$1,060,581 liability for its proportionate share of the net pension liability in the Public Employees' Retirement System. This is a net increase of \$365,581 from the prior fiscal year balance of \$695,000.

**THE FUTURE OUTLOOK**

The Charter School maintained its budget through the revenues that flow through students' district of residence, and state and federal grants.

As a charter school, revenues are driven by the residency of its student population and the level of enrollment of students in those districts.

The Charter School seeks to maintain its enrollment for the 2023-24 fiscal year.

**CONTACTING THE CHARTER SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our parents, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have any questions about this report or need additional information, contact Glenn Richardson, School Business Administrator/Board Secretary, at Atlantic Community Charter School, Inc., 112 S New York Road, Galloway, New Jersey 08205.

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
Statement of Net Position  
June 30, 2023

	Governmental Activities
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 3,397,056
Accounts Receivable, net (Note 3)	505,205
Prepaid Expenses	801
Restricted Assets:	
Restricted Cash and Cash Equivalents	23,750
Capital Assets, net (Note 5)	4,954,532
<b>Total Assets</b>	<b>8,881,344</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Related to Pensions (Note 7)	861,489
<b>LIABILITIES:</b>	
Accounts Payable and Accrued Expenses:	
Related to Pensions	84,785
Other	718,929
Accrued Interest Payable	17
Payable to Local Government	176,573
Unearned Revenue	1,509
Noncurrent Liabilities (Note 6):	
Due within One Year	119,342
Due beyond One Year	7,049,704
<b>Total Liabilities</b>	<b>8,150,859</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Related to Pensions (Note 7)	235,355
<b>NET POSITION:</b>	
Net Investment in Capital Assets	(608,065)
Restricted for:	
Student Activity	721
Unrestricted	1,963,963
<b>Total Net Position (Deficit)</b>	<b>\$ 1,356,619</b>

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

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2023

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities:						
Regular Instruction	\$ 2,531,440		\$ 1,018,053	\$ 8,997	\$ (1,504,390)	\$ (1,504,390)
Special Education Instruction	424,568				(424,568)	(424,568)
Bilingual Education Instruction	109,090				(109,090)	(109,090)
Support Services and Undistributed Costs:						
Student and Instruction Related Services	1,163,664	\$ 2,717	770,731		(390,216)	(390,216)
School Administrative Services	510,533				(510,533)	(510,533)
Other Administrative Services	1,938,378				(1,938,378)	(1,938,378)
Plant Operations and Maintenance	513,449		38,845	21,787	(452,817)	(452,817)
Pupil Transportation	94,029				(94,029)	(94,029)
Unallocated Benefits	2,337,285		1,593,538		(743,747)	(743,747)
Interest on Long-term Debt	453,007		592		(452,415)	(452,415)
Total Governmental Activities	10,075,443	2,717	3,421,759	30,784	(6,620,183)	(6,620,183)
Total Government	<u>\$ 10,075,443</u>	<u>\$ 2,717</u>	<u>\$ 3,421,759</u>	<u>\$ 30,784</u>	(6,620,183)	(6,620,183)
General Revenues:						
Charter School Aid					6,840,158	6,840,158
State and Federal Aid - Not Restricted					10,243	10,243
Miscellaneous Income					99,082	99,082
Special Item:						
Employee Retention Credit, net of Contingency Fees Paid					1,513,801	1,513,801
Total General Revenues and Special Item					8,463,284	8,463,284
Change in Net Position					1,843,101	1,843,101
Net Position (Deficit) -- July 1					(920,821)	(920,821)
Prior Period Adjustment (Note 16)					434,339	434,339
Net Position (Deficit) -- July 1 (Restated)					(486,482)	(486,482)
Net Position (Deficit) -- June 30					<u>\$ 1,356,619</u>	<u>\$ 1,356,619</u>

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

**FUND FINANCIAL STATEMENTS**

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
 Governmental Funds  
 Balance Sheet  
 June 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 3,420,085	\$ 721	\$ 3,420,806
Interfund Accounts Receivable:			
Special Revenue Fund	354,003		354,003
Accounts Receivable:			
Other	347		347
Intergovernmental Accounts Receivable:			
State - Social Security Reimbursements	33,186		33,186
State - Unemployment	2,186		2,186
Federal - Special Revenue Fund		371,429	371,429
Other LEAs - State Aid	98,057		98,057
<b>Total Assets</b>	<u><u>\$ 3,907,864</u></u>	<u><u>\$ 372,150</u></u>	<u><u>\$ 4,280,014</u></u>
<b>LIABILITIES AND FUND BALANCES:</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 155,454	\$ 15,917	\$ 171,371
Accrued Expenses	135,218		135,218
Accrued Salaries and Wages	377,515		377,515
Payroll Deductions and Withholdings	9,730		9,730
Unemployment Compensation Claims Payable	25,095		25,095
Unearned Revenue		1,509	1,509
Interfund Accounts Payable:			
General Fund		354,003	354,003
Intergovernmental Accounts Payable:			
Other LEA - State Aid	176,573		176,573
<b>Total Liabilities</b>	<u>879,585</u>	<u>371,429</u>	<u>1,251,014</u>
<b>Fund Balances:</b>			
Restricted:			
Student Activity		721	721
Unassigned:			
General Fund	3,028,279		3,028,279
<b>Total Fund Balances</b>	<u>3,028,279</u>	<u>721</u>	<u>3,029,000</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 3,907,864</u></u>	<u><u>\$ 372,150</u></u>	
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:			
Payments made to vendors for services that will benefit periods beyond fiscal year end that are recorded as expenditures at the time of payment in the governmental funds.			801
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$5,817,749 and the accumulated depreciation is \$863,217.			4,954,532
Accrued interest payable is not due and payable in the current period and therefore is not reported as liabilities in the funds.			(17)
Deferred outflows of resources related to pensions			861,489
Deferred inflows of resources related to pensions			(235,355)
Accounts payable related to the April 1, 2024 required PERS pension contribution that is not to be liquidated with current financial resources			(84,785)
Noncurrent liabilities, including financed purchases, compensated absences and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds.			<u>(7,169,046)</u>
			<u><u>\$ 1,356,619</u></u>

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

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
 Governmental Funds  
 Statement of Revenues, Expenditures, and Changes in Fund Balances  
 For the Fiscal Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES:</b>			
Local Sources	\$ 99,081	\$ 2,717	\$ 101,798
State Sources	8,220,649	60,632	8,281,281
Federal Sources	9,998	2,054,617	2,064,615
<b>Total Revenues</b>	<b>8,329,728</b>	<b>2,117,966</b>	<b>10,447,694</b>
<b>EXPENDITURES:</b>			
Regular Instruction	1,346,691	1,011,414	2,358,105
Special Education Instruction	424,568		424,568
Bilingual Education Instruction	109,090		109,090
Support Services and Undistributed Costs:			
Student and Instruction Related Services	390,937	772,727	1,163,664
School Administrative Services	518,947		518,947
Other Administrative Services	1,938,378		1,938,378
Plant Operations and Maintenance	462,782	38,845	501,627
Pupil Transportation	94,029		94,029
Unallocated Benefits	641,444	256,244	897,688
TPAF Pension and Social Security	1,380,246		1,380,246
Debt Service:			
Financed Purchase Principal		6,639	6,639
Financed Purchase Interest	343,622	592	344,214
Capital Outlay		30,784	30,784
<b>Total Expenditures</b>	<b>7,650,734</b>	<b>2,117,245</b>	<b>9,767,979</b>
Excess (Deficiency) of Revenues over Expenditures	678,994	721	679,715
<b>SPECIAL ITEMS:</b>			
Employee Retention Credit	1,747,022		1,747,022
Employee Retention Credit - Contingency Fees	(233,221)		(233,221)
<b>Total Special Items</b>	<b>1,513,801</b>		<b>1,513,801</b>
<b>Net Change in Fund Balances</b>	<b>2,192,795</b>	<b>721</b>	<b>2,193,516</b>
Fund Balance -- July 1	835,484		835,484
Fund Balance -- June 30	\$ 3,028,279	\$ 721	\$ 3,029,000

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

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2023

Total Net Change in Fund Balances - Governmental Funds	\$	2,193,516
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$	(187,124)
Capital Outlays		<u>30,784</u>
		(156,340)
<p>Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		6,639
<p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an decrease in the reconciliation. (-)</p>		
		(108,793)
<p>In the statement of activities, certain operating expenses, (e.g., compensated absences; insurance) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		11,390
<p>Governmental funds report Charter School pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the Charter School's pension contributions in the current period.</p>		
		<u>(103,310)</u>
Change in Net Position of Governmental Activities	\$	<u>1,843,101</u>

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

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2023

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Atlantic Community Charter School, Inc. (the "Charter School") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

**Description of the Financial Reporting Entity**

The Charter School is a K-8 charter school located in the County of Atlantic, State of New Jersey. The original approval of its New Jersey Charter School Application by the State of New Jersey, Department of Education was on January 18, 2011. As a charter school, the Atlantic Community Charter School, Inc. functions independently through a Board of Trustees (the "Board"). In accordance with the bylaws of the Charter School, the Board is to consist of seven members. All Board members are elected at the annual meeting of the Board and serve a term of three years. Trustees may be elected to serve for successive three-year terms. The executive officers of the Charter School are chosen by the Board and are a President, Vice President, Secretary, Treasurer and other officers and assistant officers as needed. The President and the Secretary shall be a natural person of full age; however, the Treasurer may be a Corporation, but if a natural person, shall be of full age. Officers shall hold their offices for a term of one year and need not be trustees and any number of offices may be held by the same person. The Board's responsibility is to supervise and control the operations of the Charter School. The purpose of the Charter School is to educate students in grades K through 8<sup>th</sup> grade at its one school. The Charter School has an approximate enrollment at June 30, 2023 of 327.

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *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, ability to significantly influence operations and accountability for fiscal matters. The financial statements include all funds of the Charter School over which the Board exercises operating control.

**Government-wide and Fund Financial Statements**

The Charter School's basic financial statements consist of government-wide statements, and fund financial statements, which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the Charter School to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues from the Charter School's student's district of residence and other items not properly included among program revenues are reported instead as general revenues.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Government-wide and Fund Financial Statements (Cont'd)**

In regard to the fund financial statements, the Charter School segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the Charter School. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Revenues from the Charter School's student's district of residence are recognized as revenues in the year for which they are established based on enrollment. In accordance with New Jersey State Statute, the Charter School is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Charter School considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues from the Charter School's student's district of residence, reimbursable-type grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the Charter School.

The Charter School reports the following 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 required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the Charter School includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America, 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 which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

Charter Schools do not maintain debt service funds, therefore expenditures for principal and interest are accounted for in the general fund.



**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

The Charter School reports the following major governmental funds (Cont'd):

***Special Revenue Fund*** - The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Proprietary funds are used to account for the Charter School's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All items not meeting this definition are reported as nonoperating revenues and expenses. The Charter School does not maintain a proprietary fund.

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the Charter School's own programs. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The Charter School does not maintain a fiduciary fund.

As a rule, the effect of internal/interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all Revenues from the Charter School's student's district of residence.

**Budgets / Budgetary Control**

Annual appropriated budgets are prepared in the spring of each fiscal year for the general and special revenue and are submitted to the New Jersey Department of Education. Budgets 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. 6A:23A-16.2(f)1. Transfers of appropriations may be made by board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

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

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

The budget, as detailed on exhibit C-1, and exhibit C-2, includes all amendments to the adopted budget, if any.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Budgets / Budgetary Control (Cont'd)**

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting, as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the Charter School does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows the modified accrual basis of accounting.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at fiscal year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the Charter School has received advances of grant awards, are reflected on the balance sheet as unearned revenues at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**Cash, Cash Equivalents, and Investments**

Cash and cash equivalents, for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Inventories**

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased.

**Tuition Receivable**

The Charter School Program Act of 1995 specifically prohibits a charter school from charging tuition to students who reside in the district of residence of the Charter School or are non-resident students.

**Revenues from District of Residence, Region of Residence and Non-Resident Districts**

The Charter School's primary source of revenue is from the district of residence, region of residence or non-resident districts from which its students are enrolled in the Charter School. The amounts are calculated from the most recent budget data of the student's district.

**Local Levy – Equalization Aid State and Local Share** – The charter school's funding is pursuant to the *School Funding Reform Act of 2008*, which states the school district of residence shall pay directly to the charter school for each student enrolled in the charter school who resides in the district an amount equal to 90% of the sum of the budget year equalization aid per pupil and the pre-budget year general fund tax levy per pupil inflated by the CPI rate most recent to the calculation.

**Special Education / Security Aid** – The school district of residence shall pay directly to the charter school the security aid attributable to the student and a percentage of the district's special education categorical aid equal to the percentage of the district's special education students enrolled in the charter school.

**Prepaid Expenses**

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2023. The Charter School had prepaid expenses for the fiscal year ended June 30, 2023 of \$801.

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

**Short-Term Interfund Receivables / Payables**

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the Charter School, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position as accounts receivable or accounts payable.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Capital Assets**

Capital assets represent the cumulative amount of capital assets used by the Charter School. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. Intangible right to use assets (lease and subscription assets) are recorded as expenditures in the governmental fund financial statements. Lease assets are measured on the government-wide statement of net position and proprietary fund statement of net position at the amount of the initial measurement of the related lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Subscription assets are recorded as expenditures in the governmental fund financial statements. Subscription assets are measured on the government-wide statement of net position and proprietary fund statement of net position at the amount of the initial measurement of the related subscription liability, plus any payments associated with the arrangement made to the vendor at the commencement of the subscription term and capitalizable initial implementation costs. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

The Charter School's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance are expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated using the straight-line method over the useful life of the assets. Lease and subscription assets are amortized in a systematic and rational manner over the shorter of the lease and subscription term or the useful life of the underlying assets. The useful lives of the School District's capital assets are as follows:

<u>Description</u>	<u>Estimated Lives</u>
Buldings and Improvements	5 - 30 Years
Equipment	5 - 10 Years

The Charter School does not possess any infrastructure assets.

**Deferred Outflows of Resources and Deferred Inflows of Resources**

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

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Charter School is required to report the following as deferred outflows of resources and deferred inflows of resources: defined benefit pension plans.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the Charter School is eligible to realize the revenue.

**Accrued Salaries and Wages**

Certain Charter School employees who provide services to the Charter School over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned, but undisbursed amounts be retained in a separate bank account. As of June 30, 2023, the Charter School's liability for these earned but undisbursed amounts and the associated employer tax liability was \$377,515 and have subsequently been disbursed to the individual employees' financial institution.

**Compensated Absences**

Compensated absences are payments to employees for accumulated time such as paid vacation, paid holidays, sick pay, and sabbatical leave. A liability for compensated absences that is attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Charter School and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The Charter School uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The current portion is the amount estimated to be used in the following fiscal year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the governmental fund financial statements when due.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Net Position**

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

***Net Investment in Capital Assets*** - This component represents capital assets, net of accumulated depreciation or amortization of intangible capital assets, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

***Restricted*** - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Charter School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

***Unrestricted*** - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The Charter School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Fund Balance**

The Charter School reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the Charter School is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The Charter School's classifications, and policies for determining such classifications, are as follows:

***Nonspendable*** - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

***Restricted*** - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

***Committed*** - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Charter School's highest level of decision-making authority, which, for the Charter School, is the Board of Trustees. Such formal action consists of an affirmative vote by the Board of Trustees, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Trustees removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

***Assigned*** - The assigned fund balance classification includes amounts that are constrained by the Charter School's *intent* to be used for specific purposes but are neither restricted nor committed. *Intent* is expressed by either the Board of Trustees or by the business administrator, to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position and standard operating procedures, approved by the Board of Trustees.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Fund Balance (Cont'd)**

**Unassigned** - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the Charter School to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the Charter School to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

**Interfund Activity**

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

**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Impact of Recently Issued Accounting Principles****Recently Issued Accounting Pronouncements**

The GASB has issued the following Statement that will become effective for the Charter School for fiscal years ending after June 30, 2024:

Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Statement will become effective for the Charter School in the fiscal year ending June 30, 2025. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the Charter School.

**Note 2: CASH AND CASH EQUIVALENTS**

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

As of June 30, 2023, the Charter School's bank balances of \$3,479,468 were insured or protected by GUDPA.

**Note 3: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2023 consisted of intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

Accounts receivable as of fiscal year end for the Charter School's individual major funds, in the aggregate, are as follows:

<u>Description</u>	<u>Governmental Funds</u>		
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>
Intergovernmental Accounts Receivable:			
Federal Awards		\$ 371,429	\$ 371,429
State Awards	\$ 35,372		35,372
Local Awards	98,057		98,057
	<u>\$ 133,429</u>	<u>\$ 371,429</u>	<u>\$ 504,858</u>

**Note 4: INVENTORY**

At June 30, 2023, the Charter School did not maintain any inventory.



**Note 5: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2023 is as follows:

	<b>(Restated)</b> <b>Balance</b>			<b>Balance</b>
	<b><u>July 1, 2022</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>June 30, 2023</u></b>
<b>Governmental Activities:</b>				
Capital Assets, not being Depreciated:				
Land	\$ 779,050			\$ 779,050
Total Capital Assets, not being Depreciated	<u>779,050</u>			<u>779,050</u>
Capital Assets, being Depreciated:				
Buldings and Improvements	4,815,181	\$ 21,787		4,836,968
Equipment	192,734	8,997		201,731
Total Capital Assets, being Depreciated	<u>5,007,915</u>	<u>30,784</u>		<u>5,038,699</u>
Total Capital Assets, Cost	<u>5,786,965</u>	<u>30,784</u>		<u>5,817,749</u>
Less Accumulated Depreciation for:				
Buldings and Improvements	(534,633)	(163,945)		(698,578)
Equipment	(141,460)	(23,179)		(164,639)
Total Accumulated Depreciation	<u>(676,093)</u>	<u>(187,124)</u>		<u>(863,217)</u>
Total Capital Assets, being Depreciated, Net	<u>4,331,822</u>	<u>(156,340)</u>		<u>4,175,482</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,110,872</u>	<u>\$ (156,340)</u>	<u>\$ -</u>	<u>\$ 4,954,532</u>

Depreciation expense was charged to functions / programs of the Charter School as follows:

<b>Governmental Activities:</b>	
Instruction	\$ 178,120
Support Services	9,004
Total Depreciation Expense - Governmental Activities	<u>\$ 187,124</u>

**Note 6: LONG-TERM LIABILITIES**

During the fiscal year ended June 30, 2023, the following changes occurred in long-term obligations for governmental activities:

	(Restated) Balance <u>July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2023</u>	<u>Due within One Year</u>
<b>Governmental Activities:</b>					
Other Liabilities:					
Net Pension Liability	\$ 695,000	\$ 1,531,594	\$ (1,166,013)	\$ 1,060,581	
Financed Purchases	5,569,236		(6,639)	5,562,597	\$ 28,161
Accrued Interest Payable	345,911	453,007	(344,231)	454,687	
Compensated Absences	105,389	18,691	(32,899)	91,181	91,181
	<u>\$ 6,715,536</u>	<u>\$ 2,003,292</u>	<u>\$ (1,549,782)</u>	<u>\$ 7,169,046</u>	<u>\$ 119,342</u>

The net pension liability, financed purchases, accrued interest payable, and compensated absences liability are liquidated by the general fund.

**Net Pension Liability** - For details on the net pension liability, refer to note 7. The Charter School's annual required contribution to the Public Employees' Retirement System is budgeted and paid from the general fund on an annual basis.

**Financed Purchases** - The Charter School's payments on financed purchases are budgeted and paid from the general fund on an annual basis.

As of June 30, 2023, the Charter School is financing the land and school building located at 112 S NY Road in Galloway New Jersey with a total cost of \$5,564,644. The agreement is for a term of ten years with an interest rate of 7.50%. The final maturity of the financed purchase is December 1, 2028. There is a long-term accrued interest payable associated with this financed purchase of \$454,687.

In addition, the Charter School is financing laptop computers with a total cost of \$26,267. The agreement is for a term of four years with an interest rate of 4.803%. The final maturity of the financed purchase is August 1, 2024.

These financed purchases are depreciated in a manner consistent with the Charter School's depreciation policy for owned assets.

The following is a schedule of the remaining future minimum payments under the financed purchases, and the present value of the net minimum payments at June 30, 2023:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 28,161	\$ 441,048	\$ 469,209
2025	27,440	455,828	483,268
2026	25,978	453,834	479,812
2027	25,694	451,868	477,562
2028	22,832	449,980	472,812
2029	5,432,492	662,196	6,094,688
Total	<u>\$ 5,562,597</u>	<u>\$ 2,914,754</u>	<u>\$ 8,477,351</u>

**Compensated Absences** - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 11 for a description of the Charter School's policy.

**Note 7: PENSION PLANS**

A substantial number of the Charter School's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits (the "Division"). In addition, certain Charter School employees may participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. The DCRP is administered by Empower (formerly Prudential Financial).

Each of the aforementioned plans have a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information, and detailed information about the PERS and TPAF plans' fiduciary net position that can be obtained by writing to or at the following website:

State of New Jersey, Department of the Treasury  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295  
<https://www.nj.gov/treasury/pensions/financial-reports.shtml>

**General Information about the Pension Plans****Plan Descriptions**

**Teachers' Pension and Annuity Fund** - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey ("State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement benefits, death, disability, and medical benefits to certain qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF Board of Trustees is primarily responsible for the administration of the Plan.

**Public Employees' Retirement System** - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan that was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability, and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Charter School, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS Board of Trustees is primarily responsible for the administration of the Plan.

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007, under the provisions of P.L. 2007, c. 92 and P.L. 2007, c. 103, and expanded under the provisions of P.L. 2008, c. 89 and P.L. 2010, c. 1. The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq. and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000 annually.

**Note 7: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

**Teachers' Pension and Annuity Fund** - The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

**Tier Definition**

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

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

**Public Employees' Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after 10 years of service.

The membership tiers for PERS are the same as previously noted for TPAF.

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

**Note 7: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

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

**Contributions**

**Teachers' Pension and Annuity Fund** - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2022. The State's contribution is based on an actuarially determined amount, which includes the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2022, the State's pension contribution was more than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the Charter School and all other related non-contributing employers. No normal or accrued liability contribution by the Charter School has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The Charter School's contractually required contribution rate for the fiscal year ended June 30, 2023, was 30.25% of the Charter School's covered payroll, of which 0.00% of payroll was required from the Charter School and 100% of payroll was required from the State of New Jersey. The Charter School was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2023, because of the 100% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2022, the State's contractually required contribution, on-behalf of the Charter School, to the pension plan for the fiscal year ended June 30, 2023, was \$730,510, and was paid by April 1, 2023. Charter School employee contributions to the plan during the fiscal year ended June 30, 2021 were \$201,373.

**Note 7: PENSION PLANS (CONT'D)****General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2022. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and an amortization of the unfunded accrued liability.

*Special Funding Situation Component* - Under N.J.S.A. 43:15A, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. One of such legislations, which legally obligate the State, is Chapter 133, P.L. 2001. This legislation increased the accrual rate from 1/60 to 1/55. In addition, it lowered the age required for a veteran benefit equal to 1/55 of highest 12-month compensation for each year of service from 60 to 55. Chapter 133, P.L. 2001 also established the Benefit Enhancement Fund (BEF) to fund the additional annual employer normal contribution due to the State's increased benefits. If the assets in the BEF are insufficient to cover the normal contribution for the increased benefits for a valuation period, the State will pay such amount for both the State and local employers. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a *special funding situation* as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation. Based on the most recent PERS measurement date of June 30, 2022, the State had no contractually required contribution on-behalf of the Charter School, to the pension plan for the fiscal year ended June 30, 2023.

The Charter School's contractually required contribution rate for the fiscal year ended June 30, 2023, was 17.84% of the Charter School's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2022, the Charter School's contractually required contribution to the pension plan for the fiscal year ended June 30, 2023 was \$88,623, and was paid by April 1, 2023. Charter School employee contributions to the plan during the fiscal year ended June 30, 2022 were \$38,883.

**Defined Contribution Retirement Program** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with P.L. 2007, C. 92, and P.L. 2007, C. 103, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Charter School contributes 3% of the employees' base salary, for each pay period.

At June 30, 2023, the Charter School has no employees participating in this program.

**Note 7: PENSION PLANS (CONT'D)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions****Teachers' Pension and Annuity Fund**

**Pension Liability** - At June 30, 2023, the Charter School was not required to report a liability for its proportionate share of the net pension liability for TPAF because of the 100% special funding situation by the State of New Jersey.

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

Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Employer	9,005,485
	<u>9,005,485</u>
	<u>\$ 9,005,485</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022. For the June 30, 2022, measurement date, the Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At the June 30, 2022, measurement date, the Charter School proportion was 0.00% due to the 100% special funding situation with the State of New Jersey; however, the State's proportionate share of the TPAF net pension liability associated with the Charter School was .0174543799%, which was a decrease of (.0018056873%) from its proportion measured as of June 30, 2021.

**Pension (Benefit) Expense** - For the fiscal year ended June 30, 2023, the State's proportionate share of the pension (benefit) expense, associated with the Charter School, calculated by the Plan as of June 30, 2022, measurement date, was \$242,363. This on-behalf expense has been recognized by the Charter School in the government-wide financial statements.

**Public Employees' Retirement System**

**Pension Liability** - At June 30, 2023, the Charter School reported a liability of \$1,060,581 for its proportionate share of the net pension liability for PERS. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2022, measurement date, the Charter School's proportion was .0070277260%, which was an increase of .0011610154% from its proportion measured as of June 30, 2021.

**Pension (Benefit) Expense** - For the fiscal year ended June 30, 2023, the Charter School recognized pension (benefit) expense of \$191,934, in the government-wide financial statements. This pension expense was based on the pension plan's June 30, 2022, measurement date.

**Note 7: PENSION PLANS (CONT'D)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System (Cont'd)**

**Deferred Outflows and Inflows of Resources** - At June 30, 2023, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience	\$ 7,655	\$ 6,750
Changes of Assumptions	3,286	158,811
Net Difference between Projected and Actual Earnings on Pension Plan Investments	43,896	
Changes in Proportion and Differences between Charter School Contributions and Proportionate Share of Contributions	721,867	69,794
Charter School Contributions Subsequent to the Measurement Date	84,785	
	<u>\$ 861,489</u>	<u>\$ 235,355</u>

Deferred outflows of resources in the amount of \$84,785 will be included as a reduction of the net pension liability in the subsequent fiscal year, June 30, 2024. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b><u>Fiscal Year Ending June 30,</u></b>	
2024	\$ 133,490
2025	178,217
2026	123,771
2027	104,227
2028	1,644
	<u>\$ 541,349</u>



**Note 7: PENSION PLANS (CONT'D)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System (Cont'd)**

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

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>		<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience			Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:			Year of Pension Plan Deferral:		
June 30, 2017	5.48	-	June 30, 2018	5.00	-
June 30, 2018	-	5.63	June 30, 2019	5.00	-
June 30, 2019	5.21	-	June 30, 2020	5.00	-
June 30, 2020	5.16	-	June 30, 2021	5.00	-
June 30, 2021	-	5.13	June 30, 2022	5.00	-
June 30, 2022	-	5.04			
Changes of Assumptions			Changes in Proportion		
Year of Pension Plan Deferral:			Year of Pension Plan Deferral:		
June 30, 2017	-	5.48	June 30, 2017	5.48	5.48
June 30, 2018	-	5.63	June 30, 2018	5.63	5.63
June 30, 2019	-	5.21	June 30, 2019	5.21	5.21
June 30, 2020	-	5.16	June 30, 2020	5.16	5.16
June 30, 2021	5.13	-	June 30, 2021	5.13	5.13
June 30, 2022	-	5.04	June 30, 2022	5.04	5.04

**Actuarial Assumptions**

The net pension liabilities were measured as of June 30, 2021, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation as of July 1, 2020. The total pension liabilities were calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2021. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<b><u>TPAF</u></b>	<b><u>PERS</u></b>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:	2.75% - 5.65%	2.75% - 6.55%
	Based on Years of Service	Based on Years of Service
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021	July 1, 2018 - June 30, 2021

**Note 7: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

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

For PERS, 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.

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at the June 30, 2022, measurement date) 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 rates of return for each major asset class included in TPAF's and PERS' target asset allocation as of the June 30, 2022, measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Market 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%
	<u>100.00%</u>	

**Note 7: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)****Discount Rate -**

**Teachers' Pension and Annuity Fund** - 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 would 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.

**Public Employees' Retirement System** - 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 and the nonemployer contributing entity would 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 all projected benefit payments in determining the total pension liability.

**Sensitivity of Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

**Teachers' Pension and Annuity Fund (TPAF)** - As previously mentioned TPAF has a special funding situation where the State pays 100% of the Charter School's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2022, the Plan's measurement date, attributable to the Charter School is \$0.00. The following, however, presents the net pension liability of the State as of June 30, 2022 (Plan's measurement date), attributable to the Charter School, calculated using the discount rate of 7.00% as well as what the State's 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:

	<b>TPAF</b>		
	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Charter School's Proportionate Share of the Net Pension Liability			
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Charter School	\$ 10,559,123	\$ 9,005,485	\$ 7,696,741
	<u>\$ 10,559,123</u>	<u>\$ 9,005,485</u>	<u>\$ 7,696,741</u>

**Note 7: PENSION PLANS (CONT'D)****Sensitivity of Proportionate Share of Net Pension Liability to Changes in the Discount Rate (Cont'd)**

**Public Employees' Retirement System (PERS)** - The following presents the Charter School's proportionate share of the net pension liability at June 30, 2022, the Plan's measurement date, calculated using a discount rate of 7.00%, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<b>PERS</b>		
	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Charter School's Proportionate Share of the Net Pension Liability	\$ 1,362,535	\$ 1,060,581	\$ 803,605

**Pension Plan Fiduciary Net Position**

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

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)****STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN****General Information about the OPEB Plan**

**Plan Description and Benefits Provided** - The State Health Benefit Local Education Retired Employees Plan (the "OPEB Plan") is a multiple-employer defined benefit OPEB plan, with a special funding situation, which is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75 - *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The OPEB Plan is administered by the State of New Jersey Division of Pensions and Benefits (the "Division") and is part of the New Jersey State Health Benefits Program (SHBP). The Division issues a publicly available financial report that includes financial statements and required supplementary information which can be obtained by writing to or at the following website:

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

The OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)****STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****General Information about the OPEB Plan (Cont'd)**

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

**Employees Covered by Benefit Terms** - At June 30, 2022, the OPEB Plan's measurement date, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted of the following members.

Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	151,669
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	-
	<u>364,817</u>

**Total Non-Employer OPEB Liability**

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to the OPEB Plan for qualified retired TPAF, PERS, PFRS and ABP pension 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.

The State's proportionate share of the net OPEB liability associated with the Charter School as of June 30, 2023, was \$2,962,421. Since the OPEB liability associated with the Charter School is 100% attributable to the State, the OPEB liability will be referred to as the total non-employer OPEB liability.

The total non-employer OPEB liability was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. For the June 30, 2022, measurement date, the State's proportionate share of the non-employer OPEB liability associated with the Charter School was .0058492160%, which was an increase of .0003828180% from its proportion measured as of June 30, 2021.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)****STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

**Actuarial Assumptions and Other Inputs** - The actuarial assumptions and other inputs vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2021, which was rolled forward to June 30, 2022, used the following actuarial assumptions, applied to all periods in the measurement:

**Salary Increases -**

	<u>TPAF/ABP</u> *	<u>PERS</u> *	<u>PFRS</u> *
Salary Increases	2.75% to 4.25%	2.75% to 6.55%	3.25% to 16.25%

\* based on service years

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

**Experience Studies** - The actuarial assumptions used in the June 30, 2021, valuation, which was rolled forward to June 30, 2022, were based on the results of actuarial experience studies for the periods July 1, 2018, to June 30, 2021, for TPAF, PERS, and PFRS.

**Health Care Trend Assumptions** - For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

**Discount Rate** - The discount rate for June 30, 2022, measurement date was 3.54%. 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.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)****STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Changes in the Total Non-Employer OPEB Liability**

The below table summarizes the State's proportionate share of the change in the total non-employer OPEB liability associated with the Charter School:

Balance at June 30, 2022		\$	3,280,257
Changes for the Year:			
Service Cost	\$	590,996	
Interest Cost		78,507	
Changes in Benefit Terms			
Difference between Expected and Actual Experience		(117,374)	
Changes in Assumptions		(794,696)	
Member Contributions		2,495	
Gross Benefit Payments		(77,764)	
Net Changes			<u>(317,836)</u>
Balance at June 30, 2023		\$	<u>2,962,421</u>

Differences between expected and actual experience reflect an increase in liability for the measurement period from June 30, 2021, to June 30, 2022, due to changes in the census and premium and claims experience.

Changes in assumptions reflect a decrease in the liability for the measurement period from June 30, 2021, to June 30, 2022, is due to the combined effect of the discount rate change, and changes in the trend, and experience study.

**Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate** - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2022, associated with the Charter School, using a discount rate of 3.54%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	1% Decrease <u>(2.54%)</u>	Current Discount Rate <u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Charter School	\$ 3,482,014	\$ 2,962,421	\$ 2,545,993

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)****STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Changes in the Total Non-Employer OPEB Liability (Cont'd)**

**Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Healthcare Cost Trend Rates** - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2022, associated with the Charter School, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Charter School	\$ 2,448,622	\$ 2,962,421	\$ 3,637,327

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Total Non-Employer OPEB Liability**

**OPEB Expense** - For the fiscal year ended June 30, 2023, the Charter School recognized \$899,102 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB expense, associated with the Charter School. This expense and revenue were based on the OPEB Plan's June 30, 2022, measurement date.

**Deferred Outflows and Inflows of Resources** - In accordance with GASBS No. 75, the Charter School's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the Charter School; however, at June 30, 2023, the State's proportionate share of the total non-employer OPEB liability's deferred outflows of resources and deferred inflows of resources, associated with Charter School, from the following sources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$ 528,910	\$ 904,461
Changes of Assumptions	512,720	1,008,246
Changes in Proportion	2,036,761	19,292
	<u>\$ 3,078,391</u>	<u>\$ 1,931,999</u>



**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)****STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Total Non-Employer OPEB Liability (Cont'd)**

**Deferred Outflows and Inflows of Resources (Cont'd)** - Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total non-employer OPEB liability, associated with the Charter School, will be recognized in OPEB expense as follows:

<b>Fiscal Year Ending <u>June 30,</u></b>		
2024	\$	230,498
2025		230,498
2026		230,498
2027		250,485
2028		200,569
Thereafter		<u>3,844</u>
	<u>\$</u>	<u>1,146,392</u>

**Note 9: ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2023, the Charter School has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$925,169, \$12,836, \$246,412, and \$835, respectively.

**Note 10: RISK MANAGEMENT**

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

**Property and Liability Insurance** - The Charter School maintains commercial insurance coverage for property, liability, student accident, and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Annual Comprehensive Financial Report.

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

The following is a summary of the activity of the Charter School's unemployment claims for the current and previous two fiscal years:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Charter</u> <u>School</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Income</u>	<u>Claims</u> <u>Incurred</u>	<u>Ending Balance</u>	
					<u>Claims</u> <u>Payable</u>	<u>Restricted</u> <u>Fund</u> <u>Balance</u>
2023	\$ 608	\$ 8,086	None	\$ 608	\$ 25,095	None
2022		7,334	None		17,009	None
2021		9,675	None		9,675	None

In fiscal years 2020 and 2021, the Charter School established an accrued liability of \$90,000 in anticipation of billings for unemployment. During the fiscal year ended June 30, 2023, claims in the amount of \$23,335 reduced the accrued liability to \$66,665.

**Note 11: 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, *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.

Based on the position, Charter School employees are eligible for up to eleven sick days per fiscal school year. Unused sick time may be carried over; however not to exceed 150 days for full-time employees. Charter School employees (non-teaching staff) receive up to ten vacation days per year based on their position and years of employment. Vacation time is not eligible to be carried forward.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2023, the liability for compensated absences reported on the government-wide statement of net position was \$91,181.

**Note 12: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 354,003	
Special Revenue		\$ 354,003
	<u>\$ 354,003</u>	<u>\$ 354,003</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2024, the Charter School expects to liquidate such interfunds, depending upon the availability of cash flow.

There were no transfers during the fiscal year ended June 30, 2023.

**Note 13: CONTINGENCIES**

**Grantor Agencies** - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Charter School expects such amount, if any, to be immaterial.

**Employee Retention Credit** - The Employee Retention Credit (ERC) was established 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 ERC was intended to help businesses retain their workforces and avoid layoffs during the coronavirus pandemic. The ERC provides a per employee credit to eligible businesses based on a percentage of qualified wages and health benefits paid to employees. During the fiscal year ended June 30, 2023, the Charter School retained the services of a professional services firm, on a contingency fee basis, to assist in applying for the ERC and subsequently received ERC payments in the amount of \$1,747,022 and paid contingency fees in the amount of \$233,221 to the professional services firm. Amounts received for the Employee Retention Credit could be subject to audit and adjustment by the Internal Revenue Service. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, which may be disallowed cannot be determined at this time, although the Charter School expects such amount, if any, to be immaterial. For the fiscal year ended June 30, 2023, the Charter School has recognized a special item for \$1,747,022 representing the collection of the employee retention credit and an additional special item for \$233,221 representing the contingency fees associated with the collection of the credit in the general fund on the Statement of Revenues, Expenditures and Changes in Fund Balances and on the Statement of Activities in the Government-wide Financial Statements.

**Note 14: CONCENTRATIONS**

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

**Note 15: FUND BALANCES****RESTRICTED**

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

**Special Revenue Fund**

**For Student Activities** - In accordance with N.J.A.C. 6A:23A-16.12(c), each charter school shall ensure through adoption of a formal board policy that all financial and bookkeeping controls are adequate to ensure appropriate fiscal accountability and sound business practices for funds collected for student activities. As such, borrowing from student activity funds is prohibited. The balance of these funds as of June 30, 2023, is \$721.

**UNASSIGNED**

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The Charter School's unassigned fund balance is summarized as follows:

**General Fund** - As of June 30, 2023, \$3,028,279 of general fund balance was unassigned.

**Note 16: RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS**

During the fiscal year ended June 30, 2023, the Charter School received an adjustment in the financed purchase agreement for the land and school building which changed the balances of capital assets, accumulated depreciation, accrued interest payable and the liability for the financed purchase. As a result, net position as of July 1, 2022, has been restated. The following table illustrates the restatement:

		Governmental <u>Activities</u>
Beginning Net Position (Deficit) as Previously Reported at July 1, 2022		\$ (920,821)
Prior Period Adjustment(s):		
Capital Assets	\$ (1,145,693)	
Accumulated Depreciation	109,477	
Accrued Interest Payable	394,282	
Financed Purchases	<u>1,076,273</u>	
		<u>434,339</u>
Net Position (Deficit) as Restated, July 1, 2022		<u>\$ (486,482)</u>

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II  
BUDGETARY COMPARISON SCHEDULES**

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
**GENERAL FUND**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2023

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES</b>					
Local Sources:					
Unrestricted Miscellaneous Revenues	\$ 12,000	\$ 87,081	\$ 99,081	\$ 99,081	
Total - Local Sources	12,000	87,081	99,081	99,081	
State Sources:					
Charter School Aid:					
Local Levy/Equalization Aid:					
State and Local Share	7,457,402	(1,016,857)	6,440,545	6,440,545	
Total - Local Levy/Equalization Aid	7,457,402	(1,016,857)	6,440,545	6,440,545	
Categorical Aid:					
Special Education Aid	249,694	(19,113)	230,581	230,581	
Security Aid	200,354	(31,322)	169,032	169,032	
Total Categorical Aid	450,048	(50,435)	399,613	399,613	
Total Charter School Aid	7,907,450	(1,067,292)	6,840,158	6,840,158	
Other State Sources:					
Lead Testing For Schools		245	245	245	
On-behalf Contributions:					
T.P.A.F. Post-Retirement Medical				246,412	\$ 246,412
Teacher's Pension and Annuity Fund				925,169	925,169
T.P.A.F. Long-Term Disability Insurance				835	835
T.P.A.F. Non-contributory Insurance				12,836	12,836
Reimbursed TPAF Social Security Contributions				194,994	194,994
Total - Other State Sources		245	245	1,380,491	1,380,246
Total - State Sources	7,907,450	(1,067,047)	6,840,403	8,220,649	1,380,246

(Continued)

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
**GENERAL FUND**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2023

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b><u>REVENUES (CONT'D)</u></b>					
Federal Sources:					
Supplemental Medical Assistance Program (Medicaid)		\$ 9,998	\$ 9,998	\$ 9,998	
Total - Federal Sources		9,998	9,998	9,998	
<b>Total Revenues</b>	\$ 7,919,450	(969,968)	6,949,482	8,329,728	\$ 1,380,246
<b><u>EXPENDITURES</u></b>					
<b>General Current Expense:</b>					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	112,957	(4,337)	108,620	108,620	
Grades 1-5	890,774	(23,745)	867,029	867,029	
Grades 6-8	347,608	(82,597)	265,011	265,011	
Regular Programs - Undistributed					
Instruction:					
Other Purchased Services (400-500 series)	21,500	(3,296)	18,204	18,204	
General Supplies	44,478	(9,390)	35,088	35,088	
Textbooks	89,358	(36,619)	52,739	52,739	
Total Regular Programs - Instruction	1,506,675	(159,984)	1,346,691	1,346,691	
Special Education Instruction:					
Cognitive - Mild:					
General Supplies	10,000	(7,321)	2,679	2,679	
Total Cognitive - Mild	10,000	(7,321)	2,679	2,679	
Learning and/or Language Disabilities:					
Salaries of Teachers	170,166	(150,413)	19,753	19,753	
Total Learning and/or Language Disabilities	170,166	(150,413)	19,753	19,753	

(Continued)

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
**GENERAL FUND**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2023

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b><u>EXPENDITURES (CONT'D)</u></b>					
<b>General Current Expense (Cont'd):</b>					
Special Education Instruction (Cont'd):					
Behavioral Disabilities:					
Salaries of Teachers	\$ 168,955	\$ 2,789	\$ 171,744	\$ 171,744	
Total Behavioral Disabilities	168,955	2,789	171,744	171,744	
Resource Room:					
Salaries of Teachers	291,670	(61,278)	230,392	230,392	
Total Resource Room	291,670	(61,278)	230,392	230,392	
Total Special Education - Instruction	640,791	(216,223)	424,568	424,568	
Bilingual Education - Instruction:					
Salaries of Teachers	109,421	(331)	109,090	109,090	
Total Bilingual Education - Instruction	109,421	(331)	109,090	109,090	
Total Instruction	2,256,887	(376,538)	1,880,349	1,880,349	
Undistributed Expenditures - Attendance and Social Work:					
Salaries	143,982	(129)	143,853	143,853	
Other Purchased Services (400-500 Series)	40,000	(22,386)	17,614	17,614	
Total Undistributed Expenditures - Attendance and Social Work	183,982	(22,515)	161,467	161,467	
Undistributed Expenditures - Health Services:					
Salaries	128,666	(7,068)	121,598	121,598	
Purchased Professional Services	7,354		7,354	7,354	
General Supplies	2,500	(1,631)	869	869	
Total Undistributed Expenditures - Health Services	138,520	(8,699)	129,821	129,821	

(Continued)



**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
**GENERAL FUND**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2023

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b><u>EXPENDITURES (CONT'D)</u></b>					
<b>General Current Expense (Cont'd):</b>					
Undistributed Expenditures - Child Study Teams:					
Purchased Professional - Educational Services	\$ 5,580	\$ (5,580)			
Total Undistributed Expenditures - Child Study Teams	5,580	(5,580)			
Undistributed Expenditures - Improvement of Instructional Services:					
Salaries of Other Professional Staff	99,782	(133)	\$ 99,649	\$ 99,649	
Total Undistributed Expenditures - Improvement of Instructional Services	99,782	(133)	99,649	99,649	
Undistributed Expenditures - Support Services - General Administration:					
Legal Services	60,000	(1,406)	58,594	58,594	
Audit Services	30,000	7700.00	37,700	37,700	
Other Purchased Professional Services	1,846,350	(227,287)	1,619,063	1,619,063	
Communications / Telephone	19,400	(1,526)	17,874	17,874	
Miscellaneous Purchased Services	174,292	(1,280)	173,012	173,012	
Total Undistributed Expenditures - Support Services - General Administration	2,130,042	(223,799)	1,906,243	1,906,243	
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals/ Program Directors	397,399	6,703	404,102	404,102	
Salaries of Secretarial and Clerical Assistants	76,430	1,423	77,853	77,853	
Other Salaries	62,800	(46,681)	16,119	16,119	
Other Purchased Services	27,420	(7,474)	19,946	19,946	
Travel		927	927	927	
Supplies and Materials	8,388	(8,388)			
Total Undistributed Expenditures - Support Services - School Administration	572,437	(53,490)	518,947	518,947	

(Continued)

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
**GENERAL FUND**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2023

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b><u>EXPENDITURES (CONT'D)</u></b>					
<b>General Current Expense (Cont'd):</b>					
Undistributed Expenditures - Central Services:					
Salaries		\$ 796	\$ 796	\$ 796	
Purchased Professional Services	\$ 23,400	5,136	28,536	28,536	
Other Purchase Services (400-500 Series)		2,381	2,381	2,381	
Supplies and Materials		422	422	422	
Total Undistributed Expenditures - Central Services	23,400	8,735	32,135	32,135	
Undistributed Expenditures - Custodial Services:					
Salaries	39,977	(9,853)	30,124	30,124	
Cleaning, Repair and Maintenance Services	131,084	(45,603)	85,481	85,481	
Rental of Land and Buildings Other Than Lease Purchase	440,633	101,293	541,926	541,926	
Insurance	63,408	(1,385)	62,023	62,023	
General Supplies	12,000	4,607	16,607	16,607	
Energy - Natural Gas	10,750	135	10,885	10,885	
Energy - Electricity	55,500	(7,229)	48,271	48,271	
Total Undistributed Expenditures - Custodial Services	753,352	41,965	795,317	795,317	
Undistributed Expenditures - Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	43,200	(32,113)	11,087	11,087	
Total Undistributed Expenditures - Care and Upkeep of Grounds	43,200	(32,113)	11,087	11,087	
Total Undistributed Expenditures - Operation and Maintenance of Plant	796,552	9,852	806,404	806,404	

(Continued)

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
**GENERAL FUND**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b><u>EXPENDITURES (CONT'D)</u></b>					
<b>General Current Expense (Cont'd):</b>					
Undistributed Expenditures - Student Transportation Services:					
Contracted Services (Regular Education Students) - Vendors	\$ 109,942	\$ (16,913)	\$ 93,029	\$ 93,029	
Contracted Services (Other than Between Home and School) - Vendors	15,000	(14,000)	1,000	1,000	
<b>Total Undistributed Expenditures - Student Transportation Services</b>	<b>124,942</b>	<b>(30,913)</b>	<b>94,029</b>	<b>94,029</b>	
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	16,272	10,071	26,343	26,343	
Unemployment Compensation	60,000	(59,392)	608	608	
Workers' Compensation	46,098	1,650	47,748	47,748	
Health Benefits	558,528	(81,077)	477,451	477,451	
Other Employee Benefits	76,100	13,194	89,294	89,294	
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>756,998</b>	<b>(115,554)</b>	<b>641,444</b>	<b>641,444</b>	
Non-Budget Expenditures:					
On-behalf Contributions:					
T.P.A.F. Post-Retirement Medical				246,412	\$ (246,412)
Teacher's Pension and Annuity Fund				925,169	(925,169)
T.P.A.F. Long-Term Disability Insurance				835	(835)
T.P.A.F. Non-contributory Insurance				12,836	(12,836)
Reimbursed TPAF Social Security Contributions				194,994	(194,994)
<b>Total On-behalf Contributions and Reimbursed TPAF Social Security Contributions</b>				<b>1,380,246</b>	<b>(1,380,246)</b>
<b>Total Undistributed Expenditures</b>	<b>4,832,235</b>	<b>(442,096)</b>	<b>4,390,139</b>	<b>5,770,385</b>	<b>(1,380,246)</b>
<b>Total General Current Expense</b>	<b>7,089,122</b>	<b>(818,634)</b>	<b>6,270,488</b>	<b>7,650,734</b>	<b>(1,380,246)</b>
<b>Total Expenditures</b>	<b>7,089,122</b>	<b>(818,634)</b>	<b>6,270,488</b>	<b>7,650,734</b>	<b>(1,380,246)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	830,328	(151,334)	678,994	678,994	

(Continued)

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
**GENERAL FUND**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Special Items:					
Employee Retention Credit				\$ 1,747,022	\$ 1,747,022
Employee Retention Credit - Contingency Fees				(233,221)	(233,221)
<b>Total Special Items</b>				<u>1,513,801</u>	<u>1,513,801</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures, and Other Financing Sources (Uses) and Special Items	\$ 830,328	\$ (151,334)	\$ 678,994	2,192,795	1,513,801
Fund Balances, July 1	<u>835,484</u>		<u>835,484</u>	<u>835,484</u>	
Fund Balances, June 30	<u>\$ 1,665,812</u>	<u>\$ (151,334)</u>	<u>\$ 1,514,478</u>	<u>\$ 3,028,279</u>	<u>\$ 1,513,801</u>
<b>Recapitulation:</b>					
Unassigned Fund Balance				<u>\$ 3,028,279</u>	

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
**SPECIAL REVENUE FUND**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2023

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
<b>Federal Sources:</b>					
Title I Grants to Local Educational Agencies	\$ 230,944	\$ 58,392	\$ 289,336	\$ 289,336	
Title I SIA	42,000	14,745	56,745	56,745	
Supporting Effective Instruction State Grants (Title II, Part A)	32,750	(6,741)	26,009	26,009	
Student Support & Academic Enrichment (Title IV)	27,550	(92)	27,458	27,458	
Rural and Low-Income School Program (Title V)		1,990	1,990	1,990	
Special Education Grants to States (IDEA):					
Basic	102,000	(14,151)	87,849	87,849	
ARP Basic		3,667	3,667	3,667	
Preschool		2,406	2,406	2,406	
ARP Preschool		1,860	1,860	1,860	
Education Stabilization Fund:					
Elementary and Secondary School Emergency Relief:					
Coronavirus Response and Relief Supplemental Appropriations (CRRSA):					
Appropriations (CRRSA-ESSER II):					
Addressing Student Learning	15,000	37,163	52,163	52,163	
Learning Acceleration	12,769	(425)	12,344	12,344	
(ARP-ESSER):					
ARP ESSER	1,728,125	(347,054)	1,381,071	1,381,071	
Accelerated Learning Coach and Educator Support	11,703	26,962	38,665	38,665	
Evidenced Based Summer Learning and Enrichment	40,000	(3,468)	36,532	36,532	
Evidenced Based Comprehensive Beyond the School Day	40,000	(40,000)			
NJSS Mental Health Support Staff	30,608	5,914	36,522	36,522	
<b>Total - Federal Sources</b>	<b>2,313,449</b>	<b>(258,832)</b>	<b>2,054,617</b>	<b>2,054,617</b>	
<b>State Sources:</b>					
Preschool and Charter School Security Compliance Grant		10,032	10,032	10,032	
Charter School Facilities Improvement Grant		50,600	50,600	50,600	
<b>Total - State Sources</b>		<b>60,632</b>	<b>60,632</b>	<b>60,632</b>	
<b>Local Sources:</b>					
Student Activity		2,717	2,717	2,717	
<b>Total Local Sources</b>		<b>2,717</b>	<b>2,717</b>	<b>2,717</b>	
<b>Total Revenues</b>	<b>2,313,449</b>	<b>(195,483)</b>	<b>2,117,966</b>	<b>2,117,966</b>	
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries	1,063,744	(337,646)	726,098	726,098	
Purchased Professional Educational Services	162,120	39,190	201,310	201,310	
Instructional Supplies	81,086	(39,958)	41,128	41,128	
Miscellaneous Expenses	62,312	(12,203)	50,109	50,109	
<b>Total Instruction</b>	<b>1,369,262</b>	<b>(350,617)</b>	<b>1,018,645</b>	<b>1,018,645</b>	
<b>Support Services:</b>					
Salaries	351,264	27,858	379,122	379,122	
Personal Services - Employee Benefits	278,913	(22,669)	256,244	256,244	
Purchased Professional and Technical Services	138,750	99,824	238,574	238,574	
Other Purchased Services	154,110	(23,673)	130,437	130,437	
General Supplies	18,150	4,301	22,451	22,451	
Miscellaneous Expenditures	3,000	(2,853)	147	147	
Student Activity		2,717	2,717	1,996	\$ 721
<b>Total Support Services</b>	<b>944,187</b>	<b>85,505</b>	<b>1,029,692</b>	<b>1,028,971</b>	<b>721</b>
<b>Capital Outlay:</b>					
Instructional Equipment		8,997	8,997	8,997	
Construction Services		60,632	60,632	60,632	
<b>Total Facilities Acquisition and Construction Services</b>		<b>69,629</b>	<b>69,629</b>	<b>69,629</b>	
<b>Total Expenditures</b>	<b>2,313,449</b>	<b>(195,483)</b>	<b>2,117,966</b>	<b>2,117,245</b>	<b>721</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>				<b>721</b>	<b>721</b>
<b>Fund Balance, July 1</b>					
<b>Fund Balance, June 30</b>				<b>\$ 721</b>	

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 Note to Required Supplementary Information  
 For the Fiscal Year Ended June 30, 2023

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules (C-Series)	<u>\$ 8,329,728</u>	<u>\$ 2,117,966</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 8,329,728</u>	<u>\$ 2,117,966</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule (C-Series)	<u>\$ 7,650,734</u>	<u>\$ 2,117,245</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 7,650,734</u>	<u>\$ 2,117,245</u>

**REQUIRED SUPPLEMENTARY INFORMATION  
PART III**

**SCHEDULES RELATED TO ACCOUNTING  
AND REPORTING FOR PENSIONS**

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
 Required Supplementary Information  
 Schedule of the Charter School's Proportionate Share of the Net Pension Liability  
 Public Employees' Retirement System (PERS)  
 Last Six Plan Years

	Measurement Date Ending June 30					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Charter School's Proportion of the Net Pension Liability	0.0070277260%	0.0058667106%	0.0038589530%	0.0013950780%	0.0027217883%	0.0009203435%
Charter School's Proportionate Share of the Net Pension Liability	\$ 1,060,581	\$ 695,000	\$ 629,294	\$ 251,372	\$ 535,907	\$ 214,241
Charter School's Covered Payroll (Plan Measurement Period)	537,020	450,304	307,204	99,136	191,144	21,252
Charter School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	197.49%	154.34%	204.85%	253.56%	280.37%	1008.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%

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



**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
 Required Supplementary Information  
 Schedule of the Charter School's Contributions  
 Public Employees' Retirement System (PERS)  
 Last Seven Fiscal Years

	<u>Fiscal Year Ended June 30,</u>						
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contribution	\$ 84,785	\$ 88,623	\$ 68,706	\$ 42,215	\$ 13,570	\$ 27,073	\$ 8,526
Contributions in Relation to the Contractually Required Contribution	<u>(84,785)</u>	<u>(88,623)</u>	<u>(68,706)</u>	<u>(42,215)</u>	<u>(13,570)</u>	<u>(27,073)</u>	<u>(8,526)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's Covered Payroll (Fiscal Year)	\$ 475,259	\$ 485,100	\$ 495,192	\$ 362,990	\$ 251,417	\$ 116,805	\$ 133,412
Contributions as a Percentage of Charter School's Covered Payroll	17.84%	18.27%	13.87%	11.63%	5.40%	23.18%	6.39%

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

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
 Required Supplementary Information  
 Schedule of the Charter School's Proportionate Share of the Net Pension Liability  
 Teachers' Pension and Annuity Fund (TPAF)  
 Last Five Plan Years

	<b>Measurement Date Ending June 30,</b>				
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Charter School's Proportion of the Net Pension Liability	0%	0%	0%	0%	0%
State's Proportion of the Net Pension Liability Associated with the Charter School	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
	<u><u>100%</u></u>	<u><u>100%</u></u>	<u><u>100%</u></u>	<u><u>100%</u></u>	<u><u>100%</u></u>
Charter School's Proportionate Share of the Net Pension Liability	-	-	-	-	-
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	<u>\$ 9,005,485</u>	<u>\$ 9,259,314</u>	<u>\$ 12,276,454</u>	<u>\$ 8,840,516</u>	<u>\$ 5,207,769</u>
	<u><u>\$ 9,005,485</u></u>	<u><u>\$ 9,259,314</u></u>	<u><u>\$ 12,276,454</u></u>	<u><u>\$ 8,840,516</u></u>	<u><u>\$ 5,207,769</u></u>
Charter School's Covered Payroll (Measurement Period)	\$ 2,566,812	\$ 1,960,720	\$ 1,916,288	\$ 1,965,612	\$ 1,413,308
Charter School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	-	-	-	-	-
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	350.84%	472.24%	640.64%	449.76%	368.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	32.29%	35.52%	24.60%	26.95%	26.49%

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

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
Required Supplementary Information  
Schedule of Charter School's Contributions  
Teachers' Pension and Annuity Fund (TPAF)  
Last Ten Fiscal Years

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This schedule is not applicable.

The Charter School is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
 Required Supplementary Information  
 Notes to Required Supplementary Information  
 For the Fiscal Year Ended June 30, 2023

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

***Changes in Benefit Terms:***

The Division of Pensions and Benefits adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions. Previously, after termination of employment, but prior to retirement or death, interest was credited on member accumulated deductions at the valuation interest rate for the entire period. Effective July 1, 2018, interest is only credited at the valuation interest rate for the first two years of inactivity prior to retirement or death.

***Changes in Assumptions:***

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2022	7.00%	2017	4.25%
2021	7.00%	2016	3.22%
2020	5.40%	2015	4.13%
2019	5.60%	2014	4.68%
2018	4.86%		

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2022	7.00%	2017	7.00%
2021	7.00%	2016	7.65%
2020	7.00%	2015	7.90%
2019	7.00%	2014	7.90%
2018	7.00%		

For 2022, demographic assumptions were updated to reflect the most recent experience study for the period July 1, 2018 to June 30, 2021.

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

***Changes in Benefit Terms:***

The Division of Pensions and Benefits adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions. Previously, after termination of employment, but prior to retirement or death, interest was credited on member accumulated deductions at the valuation interest rate for the entire period. Effective July 1, 2018, interest is only credited at the valuation interest rate for the first two years of inactivity prior to retirement or death.

The June 30, 2022 measurement date included three changes to the plan provisions, only one of which had an impact on the Total Pension Liability (TPL). Chapter 226, P.L. 2021 reopened the Prosecutors Part of PERS and made membership in the Prosecutors Part of PERS mandatory for all prosecutors.

***Changes in Assumptions:***

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2022	7.00%	2017	5.00%
2021	7.00%	2016	3.98%
2020	7.00%	2015	4.90%
2019	6.28%	2014	5.39%
2018	5.66%		

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2022	7.00%	2017	7.00%
2021	7.00%	2016	7.65%
2020	7.00%	2015	7.90%
2019	7.00%	2014	7.90%
2018	7.00%		

For 2022, demographic assumptions were updated to reflect the most recent experience study for the period July 1, 2018 to June 30, 2021.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART IV**

**SCHEDULE RELATED TO ACCOUNTING AND  
REPORTING FOR OTHER POSTEMPLOYMENT BENEFITS**

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
 Required Supplementary Information  
 Schedule of Changes in the Charter School's Total OPEB Liability and Related Ratios  
 Last Five Plan Years

	Measurement Date Ending June 30,				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the Charter School</b>					
Changes for the Year:					
Service Cost	\$ 590,996	\$ 777,910	\$ 344,551	\$ 261,312	
Interest Cost	78,507	85,093	65,057	69,510	\$ (713)
Change in Benefit Terms		(3,491)			
Difference Between Expected and Actual Experience	(117,374)	(1,250,947)	1,159,328	(319,981)	1,777,269
Changes in Assumptions	(794,696)	3,236	681,948	23,043	(178,743)
Member Contributions	2,495	2,175	1,970	1,406	1,439
Gross Benefit Payments	(77,764)	(67,030)	(64,994)	(47,441)	(41,650)
Net Change in Total Non-Employer OPEB Liability	(317,836)	(453,054)	2,187,860	(12,151)	1,557,602
Total Non-Employer OPEB Liability - Beginning of Fiscal Year	<u>3,280,257</u>	<u>3,733,311</u>	<u>1,545,451</u>	<u>1,557,602</u>	
Total Non-Employer OPEB Liability - End of Fiscal Year	<u>\$ 2,962,421</u>	<u>\$ 3,280,257</u>	<u>\$ 3,733,311</u>	<u>\$ 1,545,451</u>	<u>\$ 1,557,602</u>
Charter School's Covered Payroll (Plan Measurement Period)	<u>\$ 2,574,381</u>	<u>\$ 2,955,846</u>	<u>\$ 2,361,869</u>	<u>\$ 2,098,790</u>	<u>\$ 1,901,869</u>
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Charter School as a Percentage of Covered Payroll	115.07%	110.98%	158.07%	73.64%	81.90%

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

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**

Required Supplementary Information  
 Notes to Required Supplementary Information  
 For the Fiscal Year Ended June 30, 2023

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***Changes in Benefit Terms:***

None.

***Changes in Assumptions:***

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2022	3.54%	2019	3.50%
2021	2.16%	2018	3.87%
2020	2.21%	2017	3.58%

In addition to changes in the discount rate, other factors that affected the valuation of the net OPEB liability included update in trend and experience study.

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend is 5.00%.

**OTHER SUPPLEMENTARY INFORMATION**



**SPECIAL REVENUE FUND**

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
 Special Revenue Fund  
 Combining Schedule of Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2023

	Total	Title I Grants to Local Educational Agencies	Title I Grants SIA	ESSA Supporting Effective Instruction State Grants (Title II, Part A)	Student Support & Academic Enrichment (Title IV)	Rural & Low-Income School Program (Title V)	I.D.E.A.				Total Brought Forward
							Special Education Grants to States				
							Basic	ARP Basic	Preschool	ARP Preschool	
<b>REVENUES:</b>											
Federal Sources	\$ 2,054,617	\$ 289,336	\$ 56,745	\$ 26,009	\$ 27,458	\$ 1,990	\$ 87,849	\$ 3,667	\$ 2,406	\$ 1,860	\$ 1,557,297
State Sources	60,632										60,632
Local Sources	2,717										2,717
<b>Total Revenues</b>	<b>2,117,966</b>	<b>289,336</b>	<b>56,745</b>	<b>26,009</b>	<b>27,458</b>	<b>1,990</b>	<b>87,849</b>	<b>3,667</b>	<b>2,406</b>	<b>1,860</b>	<b>1,620,646</b>
<b>EXPENDITURES:</b>											
<b>Instruction:</b>											
Salaries	726,098	116,294	50,500								559,304
Purchased Professional Educational Services	201,310	13,608			17,574						170,128
Instructional Supplies	41,128	69			378	1990					38,691
Miscellaneous Expenditures	50,109	8,009									42,100
<b>Total Instruction</b>	<b>1,018,645</b>	<b>137,980</b>	<b>50,500</b>		<b>17,952</b>	<b>1,990</b>					<b>810,223</b>
<b>Support Services:</b>											
Salaries	379,122	58,465	6,245								314,412
Personal Services - Employee Benefits	256,244	11,771									244,473
Purchased Professional and Technical Services	238,574	6,120		26,009	21		87,849	3,667	2,406	1,860	110,642
Other Purchased Services	130,437	75,000			9,485						45,952
General Supplies	22,451										22,451
Miscellaneous Expenditures	147										147
Student Activity	1,996										1,996
<b>Total Support Services</b>	<b>1,028,971</b>	<b>151,356</b>	<b>6,245</b>	<b>26,009</b>	<b>9,506</b>		<b>87,849</b>	<b>3,667</b>	<b>2,406</b>	<b>1,860</b>	<b>740,073</b>
<b>Capital Outlay</b>											
Instructional Equipment	8,997										8,997
Construction Services	60,632										60,632
	69,629										69,629
<b>Total Expenditures</b>	<b>2,117,245</b>	<b>289,336</b>	<b>56,745</b>	<b>26,009</b>	<b>27,458</b>	<b>1,990</b>	<b>87,849</b>	<b>3,667</b>	<b>2,406</b>	<b>1,860</b>	<b>1,619,925</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	721										721
Fund Balance, July 1											
Fund Balance, June 30	\$ 721	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 721

(Continued)

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
 Special Revenue Fund  
 Combining Schedule of Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2023

	Education Stabilization Fund Elementary and Secondary School Emergency Relief Coronavirus Response and Relief Supplemental Appropriations							Total Brought Forward
	(CRRSA-ESSER II)			(ARP-ESSER)				
	Total Carried Forward	Addressing Student Learning	Learning Acceleration	ARP ESSER	Accelerated Learning Coach and Educator Support	Evidence Based Summer Learning and Enrichment	NJTSS Mental Health Support Staff	
<b>REVENUES:</b>								
Federal Sources	\$ 1,557,297	\$ 52,163	\$ 12,344	\$ 1,381,071	\$ 38,665	\$ 36,532	\$ 36,522	
State Sources	60,632							\$ 60,632
Local Sources	2,717							2,717
<b>Total Revenues</b>	<b>1,620,646</b>	<b>52,163</b>	<b>12,344</b>	<b>1,381,071</b>	<b>38,665</b>	<b>36,532</b>	<b>36,522</b>	<b>63,349</b>
<b>EXPENDITURES:</b>								
<b>Instruction:</b>								
Salaries	559,304	20,383	10,817	495,424		32,680		
Purchased Professional and Technical Services	170,128	26,580		143,548				
Instructional Supplies	38,691		699	36,640		1,352		
Miscellaneous Expenditures	42,100			42,100				
<b>Total Instruction</b>	<b>810,223</b>	<b>46,963</b>	<b>11,516</b>	<b>717,712</b>		<b>34,032</b>		
<b>Support Services:</b>								
Salaries	314,412	3,646		235,579	38,665		36,522	
Personal Services - Employee Benefits	244,473		828	241,145		2,500		
Purchased Professional and Technical Services	110,642	1,554		109,088				
Other Purchased Services	45,952			45,952				
General Supplies	22,451			22,451				
Miscellaneous Expenditures	147			147				
Student Activity	1,996							1,996
<b>Total Support Services</b>	<b>740,073</b>	<b>5,200</b>	<b>828</b>	<b>654,362</b>	<b>38,665</b>	<b>2,500</b>	<b>36,522</b>	<b>1,996</b>
<b>Capital Outlay:</b>								
Instructional Equipment	8,997			8,997				
Construction Services	60,632							60,632
<b>Total Capital Outlay</b>	<b>69,629</b>			<b>8,997</b>				<b>60,632</b>
<b>Total Expenditures</b>	<b>1,619,925</b>	<b>52,163</b>	<b>12,344</b>	<b>1,381,071</b>	<b>38,665</b>	<b>36,532</b>	<b>36,522</b>	<b>62,628</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	721							721
Fund Balance, July 1								
Fund Balance, June 30	\$ 721	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 721

(Continued)

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
Special Revenue Fund  
Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2023

	Total Carried Forward	Preschool and Charter School Security Grant	Charter School Facilities Improvements Grant	Student Activity
<b>REVENUES:</b>				
State Sources	\$ 60,632	\$ 10,032	\$ 50,600	
Local Sources	2,717			\$ 2,717
<b>Total Revenues</b>	<b>63,349</b>	<b>10,032</b>	<b>50,600</b>	<b>2,717</b>
<b>EXPENDITURES:</b>				
Support Services:				
Student Activity	1,996			1,996
<b>Total Support Services</b>	<b>1,996</b>			<b>1,996</b>
Capital Outlay:				
Construction Services	60,632	10,032	50,600	
	60,632	10,032	50,600	
<b>Total Expenditures</b>	<b>62,628</b>	<b>10,032</b>	<b>50,600</b>	<b>1,996</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	721			721
Fund Balance, July 1				
Fund Balance, June 30	\$ 721	\$ -	\$ -	\$ 721

**STATISTICAL SECTION**

## **FINANCIAL TRENDS INFORMATION**

Financial trends information is intended to assist the user in understanding and assessing how the Charter School's financial position has changed over time. Please refer to the following exhibits for a historical view of the Charter School's financial performance.

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
 Net Position by Component  
 Last Nine Fiscal Years (accrual basis of accounting)  
 Unaudited

	Fiscal Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015 (1)
Governmental Activities									
Net Investment in Capital Assets	\$ (608,065)	\$ (498,421)	\$ 23,627	\$ 22,380	\$ 37,430	\$ 33,081	\$ 48,726	\$ 63,288	\$ 16,990
Restricted	721.00								
Unrestricted	1,963,963	(422,400)	229,441	104,495	102,026	114,249	113,707	35,636	(2,758)
<b>Total Governmental Activities Net Position</b>	<b><u>\$ 1,356,619</u></b>	<b><u>\$ (920,821)</u></b>	<b><u>\$ 253,068</u></b>	<b><u>\$ 126,875</u></b>	<b><u>\$ 139,456</u></b>	<b><u>\$ 147,330</u></b>	<b><u>\$ 162,433</u></b>	<b><u>\$ 98,924</u></b>	<b><u>\$ 14,232</u></b>
Government-wide									
Net Investment in Capital Assets	\$ (608,065)	\$ (498,421)	\$ 23,627	\$ 22,380	\$ 37,430	\$ 33,081	\$ 48,726	\$ 63,288	\$ 16,990
Restricted	721								
Unrestricted	1,963,963	(422,400)	229,441	104,495	102,026	114,249	113,707	35,636	(2,758)
<b>Total Government-wide Net Position</b>	<b><u>\$ 1,356,619</u></b>	<b><u>\$ (920,821)</u></b>	<b><u>\$ 253,068</u></b>	<b><u>\$ 126,875</u></b>	<b><u>\$ 139,456</u></b>	<b><u>\$ 147,330</u></b>	<b><u>\$ 162,433</u></b>	<b><u>\$ 98,924</u></b>	<b><u>\$ 14,232</u></b>

Source: Charter School's Records

(1) For 2015, the operating period is January 1, 2014 - June 30, 2015.

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
Changes in Net Position  
Last Nine Fiscal Years (accrual basis of accounting)  
Unaudited

	Fiscal Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015 (1)(2)
<b>Expenses</b>									
Governmental Activities									
Instruction									\$ 1,165,955
Administration									646,584
Support Services									956,934
Regular Instruction	\$ 2,531,440	\$ 2,263,985	\$ 1,969,165	\$ 2,120,470	\$ 1,976,547	\$ 2,105,747	\$ 1,462,225	\$ 1,319,616	
Special Education Instruction	424,568	462,577	831,081	798,541	757,807	440,649	344,073		
Bilingual Education Instruction	109,090	85,398	95,944	37,122	52,530	53,000	30,362		
Before and After School Programs Instruction				16,027	1,738		51,000		
Summer School Instruction			16,220	8,974					
Support Services and Undistributed Costs:									
Student and Instruction Related Services	1,163,664	971,088	657,510	569,282	440,643	409,292	267,535	87,994	
School Administrative Services	510,533	504,480	496,211	433,861	417,259	424,984	471,835	321,459	
Other Administrative Services	1,938,378	1,692,164	1,869,522	1,424,670	1,719,547	1,716,414	1,242,024	331,548	
Plant Operations and Maintenance	513,449	387,441	697,953	687,743	737,612	682,007	585,200	309,088	
Pupil Transportation	94,029	107,813	127,317	133,606	121,106	183,174	108,108	125,193	
Unallocated Benefits	2,337,285	2,441,887	2,501,917	1,641,756	1,164,090	514,119	382,708	242,009	
Interest on Long-term Debt	453,007	552,683	2,284	1,531	2,301				
<b>Total Governmental Activities Expenses</b>	<b>10,075,443</b>	<b>9,469,516</b>	<b>9,265,124</b>	<b>7,873,583</b>	<b>7,391,180</b>	<b>6,529,386</b>	<b>4,945,070</b>	<b>2,736,907</b>	<b>2,769,473</b>
<b>Total Government-wide Expenses</b>	<b>\$ 10,075,443</b>	<b>\$ 9,469,516</b>	<b>\$ 9,265,124</b>	<b>\$ 7,873,583</b>	<b>\$ 7,391,180</b>	<b>\$ 6,529,386</b>	<b>\$ 4,945,070</b>	<b>\$ 2,736,907</b>	<b>\$ 2,769,473</b>
<b>Program Revenues</b>									
Governmental Activities:									
Charges for Services	\$ 2,717								
Operating Grants and Contributions	3,421,759	3,191,817	2,417,805	1,687,931	1,082,537	540,132	369,626	389,021	359,327
Capital Grants and Contributions	30,784	47,186	2,792		2,027			49,128	8,779
<b>Total Governmental Activities Program Revenues</b>	<b>3,455,260</b>	<b>3,239,003</b>	<b>2,420,597</b>	<b>1,687,931</b>	<b>1,084,564</b>	<b>540,132</b>	<b>369,626</b>	<b>438,149</b>	<b>368,106</b>
<b>Total Governmental-wide Program Revenues</b>	<b>\$ 3,455,260</b>	<b>\$ 3,239,003</b>	<b>\$ 2,420,597</b>	<b>\$ 1,687,931</b>	<b>\$ 1,084,564</b>	<b>\$ 540,132</b>	<b>\$ 369,626</b>	<b>\$ 438,149</b>	<b>\$ 368,106</b>
<b>Net (Expense)/Revenue</b>									
Governmental Activities	\$ 6,620,183	\$ 6,230,513	\$ 6,844,527	\$ 6,185,652	\$ 6,306,616	\$ 5,989,254	\$ 4,575,444	\$ 2,298,758	\$ 2,401,367
<b>Total Government-Wide Net Expense</b>	<b>\$ 6,620,183</b>	<b>\$ 6,230,513</b>	<b>\$ 6,844,527</b>	<b>\$ 6,185,652</b>	<b>\$ 6,306,616</b>	<b>\$ 5,989,254</b>	<b>\$ 4,575,444</b>	<b>\$ 2,298,758</b>	<b>\$ 2,401,367</b>
<b>General Revenues and Other Changes in Net Position</b>									
Governmental Activities:									
Charter School Aid	\$ 6,840,158	\$ 5,750,766	\$ 5,569,111	\$ 5,435,054	\$ 5,330,558	\$ 5,499,386	\$ 4,285,952	\$ 2,352,423	\$ 2,358,258
State and Federal Aid - Not Restricted	10,243	184,159	692,154	733,521	952,800	471,996	405,995		
Miscellaneous Income	99,082	16,382	4,461	4,496	15,384	4,352	6	31,027	57,341
Special Items:									
PPP Loan Forgiveness			704,994						
Employee Retention Credit	1,513,801								
Loss on Disposal of Capital Assets						(1,583)			
<b>Total Governmental Activities</b>	<b>8,463,284</b>	<b>5,951,307</b>	<b>6,970,720</b>	<b>6,173,071</b>	<b>6,298,742</b>	<b>5,974,151</b>	<b>4,691,953</b>	<b>2,383,450</b>	<b>2,415,599</b>
<b>Total Government-wide</b>	<b>\$ 8,463,284</b>	<b>\$ 5,951,307</b>	<b>\$ 6,970,720</b>	<b>\$ 6,173,071</b>	<b>\$ 6,298,742</b>	<b>\$ 5,974,151</b>	<b>\$ 4,691,953</b>	<b>\$ 2,383,450</b>	<b>\$ 2,415,599</b>
<b>Change in Net Position</b>									
Governmental Activities	\$ 1,843,101	\$ (279,206)	\$ 126,193	\$ (12,581)	\$ (7,874)	\$ (15,103)	\$ 116,509	\$ 84,692	\$ 14,232

Source: Charter School's Records

- (1) Prior to the fiscal year ended June 30, 2016, the Charter School reported expenses in three functions: Instruction, Administration and Support Services.
- (2) For 2015, the operating period is January 1, 2014 - June 30, 2015.



**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
Fund Balances - Governmental Funds  
Last Nine Fiscal Years (modified accrual basis of accounting)  
Unaudited

	Fiscal Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015 (1)
General Fund									
Committed	None	None	None	None	None	None	None	None	None
Assigned	None	None	None	None	None	None	None	None	None
Unassigned	\$ 3,028,279	\$ 835,484	\$ 706,656	\$ 433,215	\$ 321,138	\$ 178,725	\$ 129,629	\$ 35,632	None
All Other Governmental Funds									
Reserved	721	None	None	None	None	None	None	None	None
Total All Other Governmental Funds	721	None	None	None	None	None	None	None	None

Source: Charter School's Records

(1) For 2015, the operating period is January 1, 2014 - June 30, 2015.

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
 Changes in Fund Balances, Governmental Funds  
 Last Nine Fiscal Years (modified accrual basis of accounting)  
 Unaudited

	Fiscal Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015 (1)(2)
<b>Revenues</b>									
Local Sources	\$ 101,798	\$ 16,383	\$ 4,461	\$ 4,496	\$ 15,384	\$ 4,352	\$ 6	\$ 31,027	\$ 57,341
State Sources	8,281,281	7,041,601	7,200,020	6,912,307	6,874,362	6,317,774	4,780,749	2,418,881	2,422,294
Federal Sources	2,064,615	1,699,790	685,895	524,327	392,448	317,217	280,824	371,691	304,070
<b>Total Revenue</b>	<b>10,447,694</b>	<b>8,757,774</b>	<b>7,890,376</b>	<b>7,441,130</b>	<b>7,282,194</b>	<b>6,639,343</b>	<b>5,061,579</b>	<b>2,821,599</b>	<b>2,783,705</b>
<b>Expenditures</b>									
Instruction									1,163,755
Administration									579,126
Support Services									948,205
Regular Instruction	2,358,105	2,074,787	1,942,293	2,044,487	1,932,279	2,096,490	1,442,355	1,308,603	
Special Education Instruction	424,568	462,577	831,081	798,541	757,807	435,268	344,073		
Basic Skills Remedial Instruction							53,000		
Bilingual Education Instruction	109,090	85,398	95,944	37,122	52,530	53,000	30,362		
Before and After School Programs Instruction				16,027	1,738		51,000		
Summer School Instruction			16,220	8,974					
Support Services and Undistributed Costs:									
Student and Instruction Related Services	1,163,664	971,088	657,510	569,282	440,643	408,175	267,535	87,994	
School Administrative Services	518,947	514,184	482,833	428,293	400,301	425,544	466,305	323,156	
Other Administrative Services	1,938,378	1,692,164	1,868,654	1,424,132	1,718,547	1,715,414	1,241,024	330,548	
Plant Operations and Maintenance	501,627	380,958	695,927	686,276	740,530	679,447	582,093	310,533	
Pupil Transportation	94,029	107,813	127,317	133,606	121,106	183,174	108,108	125,193	
Unallocated Benefits	897,688	851,729	626,354	417,798	357,299	247,343	292,925	175,575	
TPAF Pension and Social Security	1,380,246	1,080,056	947,016	750,605	591,004	346,392	88,802	66,458	28,583
Debt Service	350,853	358,288	20,199	13,910	13,910				
Capital Outlay	30,784	49,904	36,848		62,858			57,907	64,036
<b>Total Expenditures</b>	<b>9,767,979</b>	<b>8,628,946</b>	<b>8,348,196</b>	<b>7,329,053</b>	<b>7,190,552</b>	<b>6,590,247</b>	<b>4,967,582</b>	<b>2,785,967</b>	<b>2,783,705</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	679,715	128,828	(457,820)	112,077	91,642	49,096	93,997	35,632	
<b>Other Financing Sources (Uses)</b>									
Total Other Financing Sources (Uses)			26,267		50,771				
<b>Special Items</b>									
Total Special Items	1,513,801		704,994						
<b>Net Change in Fund Balances</b>	<b>\$ 2,193,516</b>	<b>\$ 128,828</b>	<b>\$ 273,441</b>	<b>\$ 112,077</b>	<b>\$ 142,413</b>	<b>\$ 49,096</b>	<b>\$ 93,997</b>	<b>\$ 35,632</b>	<b>\$ -</b>
Debt Service as a Percentage of Noncapital Expenditures	3.7%	4.4%	0.2%	0.2%	0.2%	N/A	N/A	N/A	N/A

Source: Charter School's Records

- (1) Prior to the fiscal year ended June 30, 2016, the Charter School reported its budget in these functions:  
 Instruction, Administration, Support Services and Capital Outlay.
- (2) For 2015, the operating period is January 1, 2014 - June 30, 2015.

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
 General Fund - Other Local Revenue by Source  
 Last Nine Fiscal Years (modified accrual basis of accounting)  
 Unaudited

	Fiscal Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015 (1)
Donations, Contributions, Grants and Fundraising	\$ 19,930	\$ 16,383	\$ 2,787	\$ 1,153	\$ 1,953	\$ 2,000			
Interest	16,173		1,674	3,346					
Interest on Employee Retention Credit	62,973								
Miscellaneous Refunds/Other	5					2,352	\$ 6	\$ 583	
New Jersey E-Childcare					6,336				
Revenues from Educational Management Organization								30,000	\$ 57,341
Sale of Assets					7,095				
Student Transportation Fees								444	
	<u>\$ 99,081</u>	<u>\$ 16,383</u>	<u>\$ 4,461</u>	<u>\$ 4,499</u>	<u>\$ 15,384</u>	<u>\$ 4,352</u>	<u>\$ 6</u>	<u>\$ 31,027</u>	<u>\$ 57,341</u>

**Source:** Charter School Records

(1) For 2015, the operating period is January 1, 2014 - June 30, 2015.

## **Debt Capacity Information**

Debt capacity information is intended to assist users in understanding and assessing the Charter School's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the Charter School's outstanding debt and its debt capacity.

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**

Ratios of Outstanding Debt by Type

Last Nine Fiscal Years

Unaudited

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		Total Charter School	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Mortgages Payable	Financed Purchases	Loan Payable	Financed Purchases			
2023	N/A	N/A	\$ 5,562,597	N/A	N/A	\$ 5,562,597	Unavailable	Unavailable
2022	N/A	N/A	6,645,509	N/A	N/A	6,645,509	Unavailable	\$ 175
2021	N/A	N/A	34,416	N/A	N/A	34,416	0%	1
2020	N/A	N/A	25,738	N/A	N/A	25,738	0%	1
2019	N/A	N/A	37,635	N/A	N/A	37,635	0%	1
2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015 (1)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) For 2015, the operating period is January 1, 2014 - June 30, 2015.

## **Demographic and Economic Information**

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the Charter School operates and (2) to provide information that facilitates comparisons of financial statement information over time and among Charter Schools. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the Charter School operates.

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
Demographic and Economic Statistics (1)  
Last Nine Fiscal Years  
Unaudited

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<u>Year</u>	<u>Population (2)(6)</u>	<u>Personal Income (3)(6)</u>	<u>Atlantic County Per Capita Personal Income (4)</u>	<u>Unemployment Rate (5)(6)</u>
2023	Unavailable	Unavailable	Unavailable	Unavailable
2022	37,870	Unavailable	Unavailable	4.5%
2021	37,925	\$ 2,211,406,750	\$ 58,310	8.2%
2020	35,487	1,980,245,574	55,802	16.5%
2019	35,596	1,824,188,212	51,247	4.4%
2018	35,763	1,720,557,930	48,110	5.1%
2017	35,967	1,665,415,968	46,304	6.3%
2016	38,202	1,708,966,470	44,735	10.1%
2015	38,682	1,701,002,268	43,974	13.2%

**Source:**

- (1) Data provided for Atlantic County, New Jersey.
- (2) Population information is provided by the NJ Dept of Labor and Workforce Development.
- (3) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (4) Per Capita personal income is based upon the US Bureau of Economic Analysis CA04 data table.
- (5) Unemployment data provided by the NJ Dept of Labor and Workforce Development.
- (6) For 2015 and 2016, data is provided for the City of Atlantic City, the Charter School's previous location. Beginning with 2017, data is provided for Galloway Township, the Charter School's current location.

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
 Principal Employers  
 Current Year and Nine Years Ago  
 Unaudited

<u>Employer (1)</u>	<u>2023 (1)</u>			<u>2014 (1)</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Labor Force</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Labor Force</u>
	-			-		

(1) Data was not available from sources contacted.



## **Operating Information**

Operating information is intended to provide contextual information about the Charter School's operations and resources to assist readers in using financial statement information to understand and assess the Charter School's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the Charter School's operations.

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
 Full-time Equivalent Charter School Employees by Function/Program  
 Last Nine 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 (1, 2)</u>
Regular Instruction	32	33	42	44	33	23	20	15.5	
Special Education Instruction	13	12	20	12	10	8	4		
Basic Skills Remedial Instruction							1		
Bilingual Education Instruction	2	1	2	1	1	1			
Student and Instruction Related Services	6	7.5	7	4	4	4	2		
School Administrative Services	7.5	7.5	6	4	4	3	4	1.5	
Other Administrative Services							2	1.5	
Plant Operations and Maintenance	1.5	1.5	1.25	1.25	1	1	1		
Instruction									14.38
Administration									3.00
Support Services									1.19
<b>Total</b>	<b>62.00</b>	<b>62.50</b>	<b>78.25</b>	<b>66.25</b>	<b>53.00</b>	<b>40.00</b>	<b>34.00</b>	<b>18.50</b>	<b>18.57</b>

**Source:** Charter School Personnel Records

- (1) Prior to the fiscal year ended June 30, 2016, the Charter School reported its budget in three functions: Instruction, Administration and Support Services.
- (2) For 2015, the operating period is January 1, 2014 - June 30, 2015.

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
 Operating Statistics  
 Last Nine Fiscal Years  
 Unaudited

Fiscal Year	Enrollment	Operating Expenditures (1)	Cost Per Pupil	Percentage Change	Teaching Staff (2)	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) (3)	Average Daily Attendance (ADA) (3)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary (K-5)	Elementary (6-8)				
2023	326.7	\$ 9,386,342	\$ 28,731	11%	32.00	8.85 to 1	16.2 to 1	326.7	293.4	2.9%	89.81%
2022	317.5	8,220,754	25,892	10%	34.00	8.6 to 1	12.8 to 1	317.5	279.4	-9.7%	88.01%
2021	351.8	8,291,149	23,569	19%	43.00	8.1 to 1	8.3 to 1	351.6	290.2	-2.7%	82.53%
2020	370.2	7,315,143	19,760	8%	39.00	8.3 to 1	23.7 to 1	361.5	345.7	-6.7%	95.63%
2019	390	7,113,784	18,240	7%	37.00	12.11 to 1	21 to 1	387.6	359.5	3.5%	92.75%
2018	385	6,590,247	17,118	4%	33.00	11.35 to 1	16.5 to 1	374.6	349.7	27.3%	93.35%
2017	301	4,967,582	16,504	-10%	27.00	10.8:1	15 to 1	294.2	266.7	98.8%	90.65%
2016	149.3	2,728,060	18,272	1%	15.50	9.63:1		148.0	138.0	0.2%	93.24%
2015 (4)	150	2,719,669	18,131	N/A	14.38	10:1		147.7	136.3	N/A	92.28%

**Sources:** Charter School Records

**Note:** Enrollment based on annual October enrollment count.

- (1) Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- (2) Teaching staff includes only full-time equivalents of certificated staff.
- (3) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- (4) For 2015, the operating period is January 1, 2014 - June 30, 2015.

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
 School Building Information  
 Last Eight Fiscal Years  
 Unaudited

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	<u>Fiscal Year Ending June 30,</u>							
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b><u>Charter School Building</u></b>								
<b><u>Elementary</u></b>								
Atlantic Community Charter School								
Square Feet	25,686	25,686	25,686	25,686	25,686	25,686	25,686	25,686
Capacity (students)	450	950	950	950	950	950	950	950
Enrollment	326.7	317.5	351.8	370.2	390	385	301	149.3
<b><u>Other Buildings</u></b>								
Sheds - Square Footage	322							

Number of Schools at June 30, 2023

  Elementary = 1

**Source:** Charter records, Enrollment Counts

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the fiscal year-end enrollment annually.

## ATLANTIC COMMUNITY CHARTER SCHOOL, INC.

Insurance Schedule

June 30, 2023

Unaudited

	Coverage	Deductible
New Jersey School Insurance Group		
Cape May Atlantic Insurance Pool Sub Fund		
Article I - Property (per occurrence)		
Real and Personal Property	\$ 500,000,000	\$ 5,000
Extra Expense	50,000,000	5,000
Valuable Papers and Records	10,000,000	5,000
Demolition and Increased Cost of Construction	25,000,000	
Loss of Rents	660,950	
Loss of Business Income/Tuition	10,233,000	
Limited Builders Risk	10,000,000	
Fire Department Service Charge	10,000	
Arson Rewards	10,000	
Pollutant Cleanup and Removal	250,000	
Special Flood Hazard Area Flood Zones	25,000,000	
Deductible per building		500,000
Deductible per building contents		500,000
Accounts Receivable	250,000	
All Flood Zones (deductible per member/per occurrence)	75,000,000	10,000
Earthquake	50,000,000	
Terrorism	1,000,000	
Article II - Electronic Data Processing		
Data processing equipment including data and media, extra expense, business income, duplicates, transit and debris removal	500,000,000	1,000
Computer Virus (NJSIG Annual Aggregate \$10,000,000)	250,000	
Article III - Equipment Breakdown		
Combined Single Limit per Accident for Property Damage and Business Income (Per accident)	100,000,000	5,000
Sublimits:		
Property Damage	Included	
Off Premises Property Damage	1,000,000	25,000
Business Income	Included	
Extra Expense	10,000,000	
Service Interruption (Waiting period 24 hours)	10,000,000	
Perishable Goods	1,000,000	
Data Restoration	1,000,000	
Contingent Business Income	1,000,000	
Demolition	1,000,000	
Ordinance of Law	1,000,000	
Expediting Expenses	1,000,000	
Hazardous Substances	1,000,000	
Newly Acquired Locations (120 days notice)	1,000,000	
Terrorism	Included	

(Continued)

## ATLANTIC COMMUNITY CHARTER SCHOOL, INC.

Insurance Schedule

June 30, 2023

Unaudited

	Coverage	Deductible
Article IV - Crime		
Insuring Agreements:		
Public Employee Dishonesty with Faithful Performance	\$ 100,000	\$ 500
Theft, Disappearance and Destruction - Loss of Money & Securities On or off Premises	25,000	500
Theft, Disappearance and Destruction - Money Orders & Counterfeit Paper Currency	25,000	500
Forgery and Alteration	100,000	500
Computer Fraud	100,000	500
Article V - Comprehensive General Liability		
Bodily Injury and Property Damage, per Occurrence	11,000,000	
Products and Completed Operations (annual aggregate)	11,000,000	
Sexual Abuse:		
Per occurrence	11,000,000	
Per member annual aggregate	15,000,000	
NJSIG Annual Aggregate	27,000,000	
Communicable Disease Outbreak	1,000,000	
Annual NJSIG aggregate	9,000,000	
Personal Injury and Advertising Injury - per occurrence/ annual aggregate	11,000,000	
Employee Benefits Liability - per occurrence/ annual aggregate	11,000,000	1,000
Premises Medical Payments:		
Each Claim	1,000	
Per Accident	10,000	
Limit Per Person	5,000	
Terrorism/ per occurrence/ annual NJSIG Aggregate	1,000,000	
Article VI - Automobile		
Hired and Non-owned		
Bodily Injury and Property Damage	11,000,000	
Uninsured/ Underinsured Motorists - All vehicles. Bodily Injury	Not covered	
Personal Injury Protection (Including pedestrians)	Not covered	
Medical Payments	Not covered	
Terrorism (Per occurrence/ annual NJSIG aggregate)	1,000,000	
Comprehensive/ Collision/ Hired Car Physical Damage	Not covered	
Communicable Disease		
Per occurrence	1,000,000	
Annual NJSIG aggregate	9,000,000	
Workers' Compensation and Employers' Liability Declaration		
Bodily Injury by Accident/ Each Accident	3,000,000	
Bodily Injury by Disease/ Each Employee	3,000,000	
Bodily Injury by Disease/ Aggregate Limit	3,000,000	

(Continued)

## ATLANTIC COMMUNITY CHARTER SCHOOL, INC.

Insurance Schedule

June 30, 2023

Unaudited

	Coverage	Deductible
School Leaders Errors and Omissions Liability Policy Declaration		
Coverage A (Retroactive 7/1/1986)		
Limit of Liability - Each policy period		
NJSIG	\$ 10,000,000	
QBE Specialty Insurance Co.	1,000,000	
Deductible Each Claim		\$ 15,000
Coverage B (Retroactive July 1, 1986)		
Limit of Liability - Each Claim	100,000	
Limit of Liability - Each policy period	300,000	
Deductible Each Claim		15,000
Basic Student Accident Policy - Full Excess (Excluding Football)		
Berkley Life and Health Insurance Company		
Accident Medical Expense Limit	1,000,000	
Accident Medical Coverage for Volunteer Workers	25,000	
Catastrophic Student Accident Policy (Excluding Football)		
United States Fire Insurance Company		
Accident Medical Expense Limit	5,000,000	25,000
Public Officials Bonds		
Selective Insurance Company of America		
School Business Administrator	162,500	
The Ohio Casualty Insurance Company		
Treasurer of School Moneys	171,000	
Evolve Cyber Insurance Services LLC		
Cyber Incident Response:		
Section A: Incident Response Costs		
Limit of Liability Each and Every Claim	1,000,000	None
Section B: Legal and Regulatory Costs		
Limit of Liability Each and Every Claim	1,000,000	2,500
Section C: IT Security and Forensic Costs		
Limit of Liability Each and Every Claim	1,000,000	2,500
Section D: Crisis Communication Costs		
Limit of Liability Each and Every Claim	1,000,000	2,500
Section E: Privacy Breach Management Costs		
Limit of Liability Each and Every Claim	1,000,000	2,500
Section F: Third Party Privacy Breach Management Costs		
Limit of Liability Each and Every Claim	1,000,000	2,500
Section G: Post Breach Remediation Costs		
Limit of Liability	50,000	None
Each and Every Claim, subject to a maximum of 10% of all sums we have paid as a direct result of the cyber event		

(Continued)

## ATLANTIC COMMUNITY CHARTER SCHOOL, INC.

Insurance Schedule

June 30, 2023

Unaudited

	Coverage	Deductible
Evolve Cyber Insurance Services LLC (Cont'd)		
Cyber Crime:		
Section A: Funds Transfer Fraud		
Limit of Liability Each and Every Claim	\$ 250,000	\$ 2,500
Section B: Theft of Funds Held Escrow		
Limit of Liability Each and Every Claim	250,000	2,500
Section C: Theft of Personal Funds		
Limit of Liability Each and Every Claim	250,000	2,500
Section D: Extortion		
Limit of Liability Each and Every Claim	1,000,000	2,500
Section E: Corporate Identify Theft		
Limit of Liability Each and Every Claim	250,000	2,500
Section F: Telephone Hacking		
Limit of Liability Each and Every Claim	250,000	2,500
Section G: Push Payment Fraud		
Limit of Liability Each and Every Claim	50,000	2,500
Section H: Unauthorized Use of Computer Resources		
Limit of Liability Each and Every Claim	250,000	2,500
System Damage and Business Interruption		
Section A: System Damage and Rectification Costs		
Limit of Liability Each and Every Claim	1,000,000	2,500
Section B: Income Loss and Extra Expense		
Limit of Liability Each and Every Claim	1,000,000	2,500
Sub-limited to \$1,000,000 in respect of system failure		
Section C: Additional Extra Expense		
Limit of Liability Each and Every Claim	100,000	2,500
Section D: Dependent Business Interruption		
Limit of Liability Each and Every Claim	1,000,000	2,500
Sub-limited to \$1,000,000 in respect of system failure		
Section E: Consequential Reputational Harm		
Limit of Liability Each and Every Claim	1,000,000	2,500
Section F: Claim Preparation Costs		
Limit of Liability Each and Every Claim	25,000	None
Section G: Hardware Replacement Costs		
Limit of Liability Each and Every Claim	1,000,000	2,500
Network Security & Privacy Liability		
Section A: Network Security Liability		
Aggregate Limit of Liability, including costs and expenses	1,000,000	2,500
Section B: Privacy Liability		
Aggregate Limit of Liability, including costs and expenses	1,000,000	2,500
Section C: Management Liability		
Aggregate Limit of Liability, including costs and expenses	1,000,000	2,500
Section D: Regulatory Fines		
Aggregate Limit of Liability, including costs and expenses	1,000,000	2,500
Section E: PCI Fines, Penalties and Assessments		
Aggregate Limit of Liability, including costs and expenses	1,000,000	2,500

(Continued)



**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
 Insurance Schedule  
 June 30, 2023  
*Unaudited*

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	Coverage	Deductible
Evolve Cyber Insurance Services LLC (Cont'd)		
Media Liability		
Section A: Defamation		
Aggregate Limit of Liability, including costs and expenses	\$ 1,000,000	\$ 2,500
Section B: Intellectual Property Rights Infringement		
Aggregate Limit of Liability, including costs and expenses	1,000,000	2,500
Court Attendance Costs		
Aggregate Limit of Liability, Each and Every Claim	100,000	None

Source: Charter School's Insurance Policies and Certificate of Insurance

## **Charter School Financial Framework - Financial Indicators**

The New Jersey Department of Education (NJDOE) developed the comprehensive Performance Framework to ensure that each and every NJ charter school is serving students with a high-quality education. The Performance Framework - Financial Indicators set the fiscal standards by which all NJ public charter schools will be evaluated, informing both the NJDOE and individual school officials about school performance and sustainability. By utilizing the Performance Framework throughout the charter school's life cycle, NJDOE officials will expand the rigorous standards and metrics by which each and every public charter school is evaluated. Please refer to the following exhibit for the Charter School's Performance Framework Financial Indicators.

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
**New Jersey Performance Framework Financial Ratios**  
**Audited Performance Indicators**  
*Unaudited*

	2021 Audit	2022 Audit	2023 Audit	Source
Cash	1,485,947	1,591,624	3,420,806	Audit: Exhibit A-1
Current Assets (include cash)	1,806,305	2,205,845	3,926,812	Audit: Exhibit A-1
Current Liabilities	1,165,454	1,504,924	981,813	Audit: Exhibit A-1
Total Expenses	6,844,527	6,230,513	6,620,183	Audit: Exhibit A-2
Change in Net Position	126,193	(279,206)	1,843,101	Audit: Exhibit A-2
Final Average Daily Enrollment (exclude PK)*	351.6	317.5	326.7	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)	378.0	367.0	373.0	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/note/bond payable:</i>				
Depreciation Expense	26,923	222,349	187,124	Auditor/Workpapers
Interest Expense	2,284	552,683	453,007	Auditor/Workpapers
Principal Payments	17,589	44,063	6,639	Auditor/Workpapers
Interest Payments	2,610	314,225	344,214	Auditor/Workpapers

Performance Indicators	2021	2022	2023	3 YR CUMMULATIVE	Calculation****	Target****
<b>Near Term Indicators</b>						
1a. Current Ratio (working capital ratio)	1.55	1.47	4.00		Current Assets/Current Liabilities	> 1.1 or between 1.0-1.1 with positive trend
1b. Unrestricted days cash on hand	79	93	189		Cash/(Total Expenses/365)	60 days or 30-60 days with positive trend
1c. Enrollment Variance	93%	87%	88%	89%	Average Daily Enrollment/Budgeted Enrollment	>95% or >95% for 3 yr cumulative
1d.** Default on loans or delinquent in debt payments	No	No	No		Auditor	not in default
<b>Sustainability Indicators</b>						
2a*** 3 Year Cumulative Cash Flow	(949,288)	105,677	1,829,182	985,571	Net change in cash flow from prior years	3 yr cumulative positive with most recent year positive
2b Debt Service Coverage Ratio	7.69	1.38	7.08		N/A or (Change in Net Position + depreciation + interest expense) / (principal + interest payments)	>1.10

\* For renaissance schools: use Oct 15 count if no final count; use head count if ADE not available  
 \*\* Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No  
 \*\*\* 2023 =2023 Cash - 2022 Cash; 2022 =2022 Cash-2021 Cash; 2021 =2021 Cash-2020 Cash  
 \*\*\*\* Refer to NJ Performance Framework

Meets Standard  
 Does Not Meet Standard  
 Falls Far Below Standard

**SINGLE AUDIT SECTION**

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

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Trustees  
Atlantic Community Charter School, Inc.  
Galloway, New Jersey 08205

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement 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 and each major fund of the Atlantic Community Charter School, Inc., in the County of Atlantic, State of New Jersey, 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, and have issued our report thereon dated November 30, 2023. Our report on the financial statements included an emphasis of matter paragraph describing the restatement of the prior period financial statements resulting from the reduction of the amounts previously recorded for capital assets, accumulated depreciation, accrued interest payable and financed purchases.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Atlantic Community Charter School, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Atlantic Community Charter School, Inc.'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Scott P. Barron  
Certified Public Accountant  
Public School Accountant No. CS 002459

Voorhees, New Jersey  
November 30, 2023

**Exhibit K-2****REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND  
STATE OF NEW JERSEY CIRCULAR 15-08-OMB****INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Trustees  
Atlantic Community Charter School, Inc.  
Galloway, New Jersey 08205

**Report on Compliance for Each Major Federal and State Program*****Opinion on Each Major Federal and State Program***

We have audited the Atlantic Community Charter School, Inc.'s, in the County of Atlantic, State of New Jersey, compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal and state programs for the fiscal year ended June 30, 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 our opinion, the Atlantic Community Charter School, Inc.'s, in the County of Atlantic, State of New Jersey, 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***

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

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Charter School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards*; the Office of School Finance, Department of Education, State of New Jersey; Uniform Guidance; and State of New Jersey Circular 15-08-OMB, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement 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 auditing standards generally accepted in the United States of America, *Government Auditing Standards*, the Uniform Guidance, and State of New Jersey Circular 15-08-OMB, we:

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

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

### **Report on Internal Control over Compliance**

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



**Report on Internal Control over Compliance (Cont'd)**

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

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

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

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Scott P. Barron  
Certified Public Accountant  
Public School Accountant No. CS 002459

Voorhees, New Jersey  
November 30, 2023

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**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
 Schedule of Expenditures of Federal Awards, Schedule A  
 For the Fiscal Year Ended June 30, 2023

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Additional Award Identification	Federal FAIN Number	Pass-Through Entity Identifying Number	Program or Award Amount	Grant Period	
						From	To
<b>General Fund</b>							
U.S. Department of Health and Human Services:							
Passed-through State Department of Education:							
Medical Assistance Program (Medicaid Cluster)	93.778		2005NJMAP	N/A	\$ 12,904	07/01/21	06/30/22
Medical Assistance Program (Medicaid Cluster)	93.778		2005NJMAP	N/A	7,452	07/01/22	06/30/23
Total Medical Assistance Program (Medicaid) Cluster							
Total General Fund							
<b>Special Revenue Fund:</b>							
U.S. Department of Education:							
Passed-through State Department of Education:							
E.S.S.A.:							
Title I Grants to Local Educational Agencies	84.010		S010A210030	ESEA606022	253,157	7/1/2021	9/30/2022
Title I Grants to Local Educational Agencies	84.010		S010A220030	ESEA606023	291,980	7/1/2022	9/30/2023
Title I Grants to Local Educational Agencies (SIA)	84.010		S010A210030	ESEA606022	42,000	7/1/2021	9/30/2022
Title I Grants to Local Educational Agencies (SIA)	84.010		S010A220030	ESEA606023	50,500	7/1/2022	9/30/2023
Total Title I Grants to Local Educational Agencies							
Supporting Effective Instruction State Grants (Title II)	84.367		S367A220029	ESEA606023	26,009	7/1/2022	9/30/2022
Total Title II, Part A							
Student Support & Academic Enrichment Grant (Title IV)	84.424		S424A210031	ESEA606022	19,773	7/1/2021	9/30/2022
Student Support & Academic Enrichment Grant (Title IV)	84.424		S424A220031	ESEA606023	28,702	7/1/2022	9/30/2023
Total Student Support & Academic Enrichment Grant (Title IV)							
Small Rural School Achievement Program (SRSA REAP)	84.358		S358A212832	N/A	4,140	7/1/2021	9/30/2022
Rural and Low-Income School Program (Title V)	84.358	84.358B	S358B220030	ESEA606023	8,055	7/1/2022	9/30/2023
Total Rural and Low-Income School Program (Title V)							
Special Education Cluster (IDEA):							
Special Education Grants to States (IDEA, Basic)	84.027		H027A220100	FT60623	87,849	7/1/2022	9/30/2023
ARP Special Education Grants to States (ARP IDEA, Basic)	84.027	COVID-19, 84.027X	H027X210100	FT60622	21,990	7/1/2021	9/30/2022
Total Special Education Grants to States (IDEA Basic)							
Special Education Preschool Grants (IDEA Preschool)	84.173		H173A210114	FT60622	2,001	7/1/2021	9/30/2022
Special Education Preschool Grants (IDEA Preschool)	84.173		H173A220114	FT60623	2,001	7/1/2022	9/30/2023
ARP Special Education Preschool Grants (ARP IDEA Preschool)	84.173	COVID-19, 84.173X	H173X210114	FT60622	1,860	7/1/2021	9/30/2022
Total Special Education Preschool Grants (IDEA Preschool)							
Total Special Education Cluster (IDEA)							
Education Stabilization Fund (ESF):							
Coronavirus Response and Relief Supplemental Appropriations:							
(CRRSA-ESSER II):							
Addressing Student Learning	84.425	COVID-19, 84.425D	S425D210027	N/A	887,952	3/13/2020	9/30/2023
Learning Acceleration	84.425	COVID-19, 84.425D	S425D210027	N/A	56,985	3/13/2020	9/30/2023
American Rescue Plan (ARP ESSER):							
ARP ESSER	84.425	COVID-19, 84.425U	S425U210027	N/A	1,995,616	3/13/2020	9/30/2024
Accelerated Learning Coach and Educator Support	84.425	COVID-19, 84.425U	S425U210027	N/A	50,000	3/13/2020	9/30/2024
Evidence Based Summer Learning and Enrichment	84.425	COVID-19, 84.425U	S425U210027	N/A	40,000	3/13/2020	9/30/2024
Evidence Based Comprehensive Beyond the School Day	84.425	COVID-19, 84.425U	S425U210027	N/A	40,000	3/13/2020	9/30/2024
NJTSS Mental Health Support Staffing	84.425	COVID-19, 84.425U	S425U210027	N/A	45,000	3/13/2020	9/30/2024
Total Education Stabilization Fund							
Total U.S. Department of Education							
Total Special Revenue Fund							
Total Federal Financial Assistance							

(a) see note 6 to the schedules of expenditures of federal awards and state financial assistance

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

Balance July 1, 2022	Carryover / (Walkover) Amount	Cash Received	Budgetary Expenditures			Passed - Through to Subrecipients	Adjustments (a)	Repayment of Prior Years' Balances	Balance June 30, 2023		
			Pass-Through Funds	Direct Funds	Total Budgetary Expenditures				(Accounts Receivable)	Unearned Revenue	Due to Grantor
		\$ 2,546 7,452	\$ 2,546 7,452		\$ 2,546 7,452						
		9,998	9,998		9,998						
		9,998	9,998		9,998						
\$ (27,700)		29,666	1,966		1,966						
(3,739)		216,294	287,370		287,370		\$ (4)	\$ (71,080)			
		9,984	6,245		6,245						
		50,500	50,500		50,500						
(31,439)		306,444	346,081		346,081		(4)	(71,080)			
		26,009	26,009		26,009						
		26,009	26,009		26,009						
(1,239)		2,951	1,712		1,712						
		11,322	25,746		25,746		(1)	(14,425)			
(1,239)		14,273	27,458		27,458		(1)	(14,425)			
(1,077)		1,197		\$ 120	120						
			1,870		1,870			(1,870)			
(1,077)		1,197	1,870	120	1,990			(1,870)			
		87,490	87,849		87,849			(359)			
(18,323)		21,990	3,667		3,667						
(18,323)		109,480	91,516		91,516			(359)			
(706)		706									
		2,406	2,406		2,406						
		1,860	1,860		1,860						
(706)		4,972	4,266		4,266						
(19,029)		114,452	95,782		95,782			(359)			
(203,395)		249,975	52,163		52,163		509	(5,583)	\$ 509		
		4,408	12,344		12,344			(7,936)			
(299,626)		1,415,232	1,381,071		1,381,071			(265,465)			
		35,491	38,665		38,665			(4,174)	1,000		
		35,995	36,532		36,532			(537)			
(8,478)		45,000	36,522		36,522						
(511,499)		1,786,101	1,557,297		1,557,297		509	(283,695)	1,509		
(563,206)		2,247,279	2,052,627		2,052,627		504	(369,559)	1,509		
(564,283)		2,248,476	2,054,497	120	2,054,617		504	(371,429)	1,509		
\$ (564,283)	\$ -	\$ 2,258,474	\$ 2,064,495	\$ 120	\$ 2,064,615	\$ -	\$ 504	\$ (371,429)	\$ 1,509	\$ -	

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
Schedule of Expenditures of State Financial Assistance, Schedule B  
For the Fiscal Year Ended June 30, 2023

<u>State Grantor/ Program Title or Cluster Title</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>		<u>Balance June 30, 2022</u>		<u>Carryover / (Walkover) Amount</u>
			<u>From</u>	<u>To</u>	<u>Unearned Revenue/ (Accounts Receivable)</u>	<u>Due to Grantor</u>	
<b>General Fund:</b>							
New Jersey Department of Education:							
Passed-Through Local Education Agencies:							
Current Expense:							
State Aid - Public:							
Charter School Aid:							
Local Levy Equalization Aid - State and Local Share	22-495-034-5120-078	\$ 5,381,342	7/1/21	6/30/22	\$ (2,019)	\$ 375,998	
Local Levy Equalization Aid - State and Local Share	23-495-034-5120-078	6,440,545	7/1/22	6/30/23			
Categorical Special Education Aid	23-495-034-5120-089	230,581	7/1/22	6/30/23			
Categorical Security Aid	23-495-034-5120-084	169,032	7/1/22	6/30/23			
Total Passed-Through Local Education Agencies					(2,019)	375,998	
Total State Aid - Public					(2,019)	375,998	
Reimbursed T.P.A.F. Social Security Contributions	22-495-034-5094-003	180,502	7/1/21	6/30/22	(31,699)		
Reimbursed T.P.A.F. Social Security Contributions	23-495-034-5094-003	194,994	7/1/22	6/30/23			
Total Reimbursed TPAF Social Security Contributions					(31,699)		
Lead Testing for Schools	23-495-034-5120-104	245	7/1/22	6/30/23			
On-Behalf T.P.A.F. Pension Contributions (Non-Budgeted):							
T.P.A.F. Post-Retirement Medical	23-495-034-5094-001	246,412	7/1/22	6/30/23			
Teacher's Pension and Annuity Fund	23-495-034-5094-002	925,169	7/1/22	6/30/23			
T.P.A.F. Long-Term Disability Insurance	23-495-034-5094-004	835	7/1/22	6/30/23			
T.P.A.F. Non-contributory Insurance	23-495-034-5094-004	12,836	7/1/22	6/30/23			
Total On-Behalf TPAF Pension Contributions (Non-Budgeted)							
Total General Fund					(33,718)	375,998	-
<b>Special Revenue Fund:</b>							
Securing Our Children's Future Bond Act:							
Alyssa's Law (P.L.2019, c33)							
Preschool and Charter School Security Grant	22-SS05-H-53	20,000	7/1/21	9/30/23	(9,968)		
Charter School and Renaissance School Project Emergent and Capital Maintenance Fund Allocations	23-495-034-5120-124	50,600	7/1/22	6/30/23			
Total Special Revenue Fund					(9,968)		
Total State Financial Assistance					\$ (43,686)	\$ 375,998	\$ -

Less: State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:

General Fund (Non-Cash Assistance):

New Jersey Department of Education:

On-Behalf T.P.A.F. Pension Contributions (Non-Budgeted):

T.P.A.F. Post-Retirement Medical	23-495-034-5094-001	246,412	7/1/22	6/30/23
Teacher's Pension and Annuity Fund	23-495-034-5094-002	925,169	7/1/22	6/30/23
T.P.A.F. Long-Term Disability Insurance	23-495-034-5094-004	835	7/1/22	6/30/23
T.P.A.F. Non-contributory Insurance	23-495-034-5094-004	12,836	7/1/22	6/30/23

Total General Fund (Non-Cash Assistance)

Total State Financial Assistance subject to Major Program Determination for State Single Audit

(a) see note 6 to the schedules of expenditures of federal awards and state financial assistance

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

Cash Received	Total Budgetary Expenditures	Passed - Through Subrecipients	Adjustments (a)	Repayment of Prior Years' Balances	Balance June 30, 2023			Memo	
					(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2023	Cumulative Total Expenditures
\$ 2,011			\$ 8	\$ (375,998)					\$ 5,381,342
6,519,062	\$ 6,440,545		(1)		\$ (98,057)		\$ 176,573		6,440,545
230,581	230,581								230,581
169,032	169,032								169,032
6,920,686	6,840,158		7	(375,998)	(98,057)		176,573		12,221,500
6,920,686	6,840,158		7	(375,998)	(98,057)		176,573		12,221,500
31,699									180,502
161,808	194,994				(33,186)				194,994
193,507	194,994				(33,186)				375,496
245	245								245
246,412	246,412								246,412
925,169	925,169								925,169
835	835								835
12,836	12,836								12,836
1,185,252	1,185,252								1,185,252
8,299,690	8,220,649	-	7	(375,998)	(131,243)		176,573	-	13,782,493
20,000	10,032								20,000
50,600	50,600								50,600
70,600	60,632								70,600
\$ 8,370,290	\$ 8,281,281	\$ -	\$ 7	\$ (375,998)	\$ (131,243)	\$ -	\$ 176,573	\$ -	\$ 13,853,093

\$ 246,412  
 925,169  
 835  
 12,836  
 1,185,252  
 \$ 7,096,029

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**

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

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**Note 1: BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal awards and state financial assistance (“the schedules”) include federal and state award activity of the Atlantic Community Charter School, Inc. (hereafter referred to as the “Charter School”). The Charter School is defined 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 State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules. Because these schedules present only a selected portion of the operations of the Charter School, it is not intended to and does not present the financial position and changes in operations of the Charter School.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedules are presented using the budgetary basis of accounting. This basis of accounting is described in note 1 to the Charter School's basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The expenditures reflected in the schedules are presented at the federal and state participation level; thus, any matching portion is not included.

**Note 3: INDIRECT COST RATE**

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

**Note 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on the modified accrual basis. The special revenue fund is presented in the accompanying schedules on the budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

There is no net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis for the general or the special revenue funds. See exhibit C-3, 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.

**Note 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)**

The revenues reported on a GAAP basis from the basic financial statements with a reconciliation to the reported amounts on the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 9,998	\$ 8,220,649	\$ 8,230,647
Special Revenue	2,054,617	60,632	2,115,249
	<hr/>	<hr/>	<hr/>
GAAP Basis Revenues	2,064,615	8,281,281	10,345,896
	<hr/>	<hr/>	<hr/>
Total Awards and Financial Assistance Expended	<u>\$ 2,064,615</u>	<u>\$ 8,281,281</u>	<u>\$ 10,345,896</u>

**Note 5: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**Note 6: ADJUSTMENTS**

Amounts reported in the column entitled "adjustments" represent rounding differences between expenditures and amounts collected from awarding agencies or for a refund of a previously reported expenditure.

**Note 7: REIMBURSED AND ON-BEHALF PAYMENTS**

During the fiscal year ended June 30, 2023, the Charter School was the recipient of federal and state assistance that represented either a reimbursement to the Charter School or payments made on-behalf of the Charter School. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the Charter School has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance related to TPAF members.

**Note 8: MAJOR PROGRAMS**

Major programs are identified in the *Summary of Auditor's Results* section of the *Schedule of Findings and Questioned Costs*.



ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified
Internal control over financial reporting:
Material weakness(es) identified? yes X no
Significant deficiency(ies) identified? yes X none reported
Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? yes X no
Significant deficiency(ies) identified? yes X none reported
Type of auditor's report issued on compliance for major programs Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)? yes X no

Identification of major programs:

Table with 3 columns: Assistance Listing Number(s), FAIN Number(s), Name of Federal Program or Cluster. Rows include Education Stabilization Fund, Elementary and Secondary School Emergency Relief Fund, and various ESSER programs.

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000.00

Auditee qualified as low-risk auditee? yes X no

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
 Schedule of Findings and Questioned Costs  
 For the Fiscal Year Ended June 30, 2023

**Section 1- Summary of Auditor's Results (Cont'd)**

**State Financial Assistance**

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes X no

Significant deficiency(ies) identified? \_\_\_\_\_ yes X none reported

Type of auditor's report issued on compliance for major programs \_\_\_\_\_ Unmodified \_\_\_\_\_

Any audit findings disclosed that are required to be reported in accordance with New Jersey Circular 15-08-OMB? \_\_\_\_\_ yes X no

Identification of major programs:

<b><u>GMIS Number(s)</u></b>	<b><u>Name of State Program</u></b>
_____	State Aid Public: _____
<u>495-034-5120-078</u>	<u>Local Levy - Equalization Aid (State and Local Share)</u>
<u>495-034-5120-089</u>	<u>Categorical Special Education Aid</u>
<u>495-034-5120-084</u>	<u>Categorical Security Aid</u>
<u>495-034-5094-003</u>	<u>Reimbursed T.P.A.F. Social Security Contributions</u>
_____	_____

Dollar threshold used to distinguish between type A and type B programs: \$ \_\_\_\_\_ 750,000.00

Auditee qualified as low-risk auditee? X yes \_\_\_\_\_ no

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2023

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***Section 2- Schedule of Financial Statement Findings***

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

None.

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2023

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***Section 3- Schedule of Federal Award Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs, and significant instances of abuse related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

None.

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2023

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***Section 4- Schedule of State Financial Assistance Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs, and significant instances of abuse related to the audit of major State programs, as required by State of New Jersey Circular 15-08-OMB.

None.

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.**  
Summary Schedule of Prior Year Audit Findings  
and Questioned Costs as Prepared by Management

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This section identifies the status of prior year findings related to the financial statements and federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB.

**FINANCIAL STATEMENT FINDINGS**

None.

**FEDERAL AWARDS**

None.

**STATE FINANCIAL ASSISTANCE PROGRAMS**

None.

