

**CLASSICAL ACADEMY CHARTER
SCHOOL OF CLIFTON**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

JUNE 30, 2023

**PREPARED BY
Classical Academy Charter School of Clifton**

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

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Classical Academy Charter School of Clifton

1225 Main Avenue, Clifton, NJ 07013 .

Tel:(973) 278-7707 . Fax:(973)278-7720

A National Blue Ribbon School of Excellence (2008)

A New Jersey "REWARD SCHOOL" (2012)

A "TOP TEN" New Jersey School (2013)

January 30, 2024

Honorable President and
Members of the Board of Trustees
Classical Academy Charter School of Clifton
County of Passaic
Clifton, New Jersey

Dear Board Members:

We are pleased to present to you the Annual Comprehensive Financial Report (ACFR) of Classical Academy Charter School of Clifton (Charter School) for the fiscal year ended June 30, 2023. This ACFR includes the Charter's basic financial statement prepared in accordance with Governmental Accounting Standards Board Statement 34.

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

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

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

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;
- The Financial Section begins with the Independent Auditor's Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;
- The Single Audit Section — The Charter School is required to undergo an annual single audit in conformity with the provisions of the New Jersey State Office of Management and Budget (OMB) Circular Letter 15-08, "*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 elected eight-member Board of Trustees (the “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 of control over and authorization for all expenditures of Charter School 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 Board Secretary 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 the idle funds as permitted by New Jersey Law.

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

Now in its 17th year of existence, the Classical Academy Charter School of Clifton, County of Passaic’s first public charter school, continues to reach new milestones. Each year the school realizes its mission and attains, indeed, surpasses by large margins, many of its goals and objectives for collectively and individually high student learning outcomes, and for achieving overall institutional success, objectively measured and acclaimed. For a more detailed account of the Classical Academy Charter School of Clifton’s school and academic program, and the school’s many accomplishments, interested parties are urged to call the school (973-278-7707) and request a copy of the ‘Academic and school program,’ or consult the state’s online ‘Report Card’ (the narrative portion) or the Classical Academy Charter School of Clifton’s own website:(www.classicalacademy.org).

2. **ENROLLMENT OUTLOOK:** Classical Academy Charter School of Clifton admissions is demonstrated when Clifton parents have the opportunity to exercise parental choice in public Middle School (grades 6-8) education. Although the school reaches out to the community by advertisements, articles about the school in local newspapers, and other means, most admission applicants, having heard about the school’s highly-deserved reputation for excellence, are referred to the school by neighbors, relatives, friends, and from those who have had their own children attend the Classical Academy Charter School of Clifton. The school’s ‘poverty rate’ based on students qualifying for the Free or Reduced Lunch Program’ averages annually between 35%-45% each year. In the future, the school hopes to add the 5th grade.

Classical Academy Charter School of Clifton provides a full range of educational services appropriate to Grades 6-8. These services include regular, as well as special education and basic skills instruction. The Charter School completed the 2022-2023 school year with an enrollment of 161 students.

3. **MAJOR ACCOMPLISHMENTS:** The Classical Academy Charter School of Clifton's three-year academic program in grades 6, 7 and 8 and its practices and policies continue to prove highly effective in producing high student learning. The Classical Academy Charter School of Clifton has produced outstanding results, consistently at the highest levels, is not a subjective appraisal. In 2008 the Federal Dept. of Education honored the school with a "National Blue Ribbon School of Excellence award (only the 2nd New Jersey public charter school in 16 years to be so honored); in 2012 the New Jersey Dept. of Education designated the Classical Academy Charter School of Clifton a 'REWARD' school, its designation for high-achieving public schools, charter and traditional; and in 2013, the 'National New Campaign for Achievement Now' (NJCAN), a citizens education action group, recognized the Classical Academy Charter School of Clifton with its 'TOP TEN' awards: one award for being a top ten NJ school for educating 'Low Income Students' and another 'Top Ten' award for educating to high levels 'Latino Students', and one for overall excellence in middle-school education. In 2018, Classical Academy was granted an enrollment increase for the 2019-2020 school year by an additional sixty students. Classical Academy Charter School of Clifton is an active member of the Junior National Honor Society and has provided families with an After School Program and Summer Program that build the whole child.

4. **INTERNAL ACCOUNTING CONTROLS:** Since 2012, the Classical Academy Charter School of Clifton has put in place fiscal controls and structures advocated by the New Jersey Dept. of Education's Office of Charter Schools. 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: (1) the cost of a control should not exceed the benefits like to be derived; and (2) the valuation of costs and benefits requires estimates of the judgments by management. As a recipient of federal and state financial assistance, the Charter School also is responsible for ensuring that an adequate control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the 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 voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2023.

6. **ACCOUNTING SYSTEM AND REPORTS:** The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by the Government Accounting Standards Board (GASB). The accounting system of the Charter School is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Basic Financial Statements", Note 1.
7. **FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of report, the Charter School continues to meet its responsibility for sound financial management.
8. **CASH MANAGEMENT:** The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Notes 1 and 3. The Charter School had adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
9. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, directors' and officers' insurance and workmen's compensation.
10. **OTHER INFORMATION:**

Independent Audit

State statute requires an annual audit by independent certified public accountants or registered municipal accountants. The Charter School appointed the accounting firm of Galleros Robinson CPAs, LLP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendment of 1996 and the related New Jersey OMB Letter Circular Letter 15-08.

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

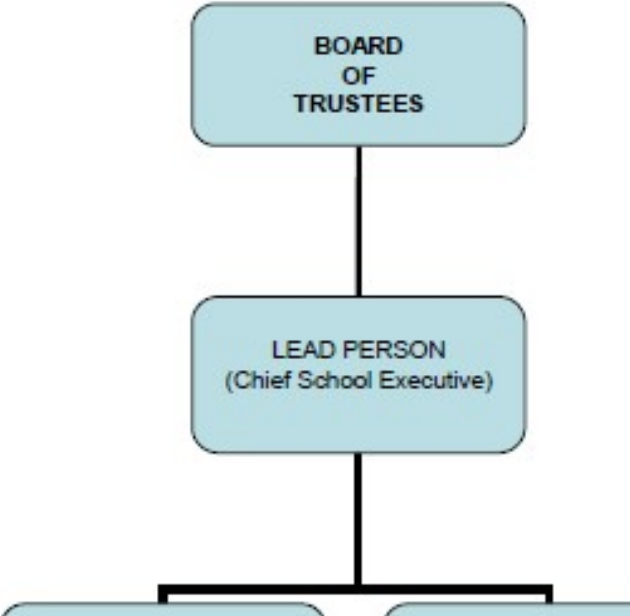
Respectfully submitted,



Bernadette Pinto
School Business Administrator

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

ORGANIZATIONAL CHART



**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

ROSTER OF OFFICIALS

JUNE 30, 2023

Voting Members

MEMBERS OF THE BOARD OF TRUSTEES	TERM
Oral Bullen, President	6/30/2024
Adrienne Austin, Vice President	6/30/2024
Alicia Anderson, Board Member	6/30/2024
Diane Garrido, Board Member	6/30/2024
Janet Spiwak, Board Member	6/30/2024
Nina Prinz, Board Member	6/30/2024
Linda Buonauro, Board Member	6/30/2024
Genie Trott, Board Member	6/30/2024
Shamira Drakeford, Board Member	6/30/2024

**Non-Voting Members
(Terms co-terminus with Classical Academy Employment)**

Dr. Paul Semegran, Lead Person
Bernadette Pinto, School Business Administrator
Brian Milbauer, NJEA Representative
Teresa Sproule, NJEA Representative

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

CONSULTANTS AND ADVISORS

Independent Auditors

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

Attorney

Cleary Giacobbe Alfieri Jacobs LLC
169 Ramapo Valley Rd. Suite 105
Oakland, New Jersey

Official Depositories

TD Bank North
Clifton, NJ

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
Classical Academy Charter School of Clifton
County of Passaic
Newark, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Classical Academy Charter School of Clifton (the Charter School), in the County of Passaic, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Classical Academy Charter School of Clifton, in the County of Passaic, State of New Jersey as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 2 to the financial statements during the fiscal year ended June 30, 2023, the Charter School adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT - CONTINUED

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

Required Supplementary Information

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

Supplementary Information

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

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report for the year ended June 30, 2023. 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 January 30, 2024 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Charter School's internal control over financial reporting and compliance.



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



Galleros Robinson CPAs, LLP
Certified Public Accountants

January 30, 2024
Cream Ridge, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION

PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON (COUNTY OF PASSAIC, NEW JERSEY)

MANAGEMENT’S DISCUSSION AND ANALYSIS

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

Introduction

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

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

Financial Highlights

Key Financial highlights for the fiscal year 2023 are as follows:

- General revenues accounted for \$2.15 million or 71% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$0.88 million or 29% of total revenues of \$3.03 million.
- The Charter School had \$2.47 million in expenses; only \$0.88 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$2.15 million were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$2.60 million in revenues and \$2.07 million in expenditures and other financing uses.

Basic Financial Statements

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

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

Fund Financial Statements

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

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Fund Financial Statements - Continued

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

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

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

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

Statement of Net Position and Statements of Activities

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

These two statements report the Charter School's net assets and changes in those assets. This change in net position is important because it identifies whether the financial position of the Charter School has improved or diminished for the Charter School as a whole. This change is the result of many factors some financial, some not. Financial factors represent decrease in federal and state funding that resulted from the decrease in enrollment noted for the fiscal year ended June 30, 2023. These factors are presented in our discussions on the Charter School as a whole. Non-financial factors include the property tax base of the School District where the Charter School is located, current educational funding laws in New Jersey, facilities conditions, required educational programs, and other factors. In the Statements of Net Position and the Statements of Activities, the Charter School is divided into two distinct kinds of activities:

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

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

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

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

Enterprise Fund

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

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

The Charter School as a Whole

The perspective of the Statement of Net Position is of the Charter School as a whole. The table below provides a summary of the Charter School's net position at June 30, 2023.

	Governmental Activities	Business Type Acvtivities	Total
Assets			
Current Assets	\$ 2,479,708	\$ -	\$ 2,479,708
Right-of-use Assets, net	<u>937,339</u>	<u>-</u>	<u>937,339</u>
Total Assets	<u>3,417,047</u>	<u>-</u>	<u>3,417,047</u>
Deferred outflow of resources	<u>3,145</u>	<u>-</u>	<u>3,145</u>
Liabilities			
Current Liabilities	241,235	-	241,235
Noncurrent Liabilities	<u>1,190,684</u>	<u>-</u>	<u>1,190,684</u>
Total Liabilities	<u>1,431,919</u>	<u>-</u>	<u>1,431,919</u>
Deferred inflow of resources	<u>74,886</u>	<u>-</u>	<u>74,886</u>
Net Position			
Invested in Right-of-use Assets, net of related debt	(253,345)	-	(253,345)
Restricted for:			
Student Activities	16,415	-	16,415
Unrestricted	<u>2,150,317</u>	<u>-</u>	<u>2,150,317</u>
Total Net Position	<u>\$ 1,913,387</u>	<u>\$ -</u>	<u>\$ 1,913,387</u>

The Charter School's combined net position was \$1.91 million at June 30, 2023.

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

The Charter School as a Whole - Continued

The total net position of the Charter School has increased by \$0.56 million during the current fiscal year. The table that follows reflects the change in net position for fiscal year 2023.

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charge for Services	\$ 16,300	\$ 4,355	\$ -	\$ -	\$ 16,300	\$ 4,355
Operating grants and Contributions	<u>867,063</u>	<u>611,449</u>	<u>-</u>	<u>-</u>	<u>867,063</u>	<u>611,449</u>
Total Program Revenues	<u>883,363</u>	<u>615,804</u>	<u>-</u>	<u>-</u>	<u>883,363</u>	<u>615,804</u>
General Revenues:						
Local Aid	1,390,341	1,379,822	-	-	1,390,341	1,379,822
State Sources	727,403	578,547	-	-	727,403	578,547
Miscellaneous	<u>31,909</u>	<u>2,017</u>	<u>-</u>	<u>-</u>	<u>31,909</u>	<u>2,017</u>
Total General Revenues	<u>2,149,653</u>	<u>1,960,386</u>	<u>-</u>	<u>-</u>	<u>2,149,653</u>	<u>1,960,386</u>
Total Revenues	<u>3,033,016</u>	<u>2,576,190</u>	<u>-</u>	<u>-</u>	<u>3,033,016</u>	<u>2,576,190</u>
Expenditures:						
Instructions	1,227,090	1,378,950	-	-	1,227,090	1,378,950
Administrative	295,504	343,979	-	-	295,504	343,979
Support services	711,227	747,447	-	-	711,227	747,447
Unallocated						
Capital outlay	2,700	14,396	-	-	2,700	14,396
Amortization of right-of-use assets	<u>235,322</u>	<u>232,503</u>	<u>-</u>	<u>-</u>	<u>235,322</u>	<u>232,503</u>
Total Expenditures	<u>2,471,843</u>	<u>2,717,275</u>	<u>-</u>	<u>-</u>	<u>2,471,843</u>	<u>2,717,275</u>
Changes in Net Position	561,173	(141,085)	-	-	561,173	(141,085)
Net position at beginning of year, as reported	1,352,214	1,735,188	-	-	1,352,214	1,735,188
Prior period adjustment	<u>-</u>	<u>(241,889)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(241,889)</u>
Net position at beginning of year, as restated	<u>1,352,214</u>	<u>1,493,299</u>	<u>-</u>	<u>-</u>	<u>1,352,214</u>	<u>1,493,299</u>
Net position at end of year (A-1)	<u>\$1,913,387</u>	<u>\$1,352,214</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,913,387</u>	<u>\$1,352,214</u>

In 2023, total revenues amounted to \$3.03 million and total expenses amounted to \$2.47 million.

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

Governmental Activities

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

	<u>Total Cost of Services</u>	<u>Charges for Services</u>	<u>Grants/ Contributions</u>	<u>Net Cost of Services</u>
Instruction	\$ 1,227,090	\$ -	\$ 503,277	\$ (723,813)
Adminstrative	295,504	-	64,737	(230,767)
Support services	711,227	16,300	299,049	(395,878)
Unallocated:				
Capital outlay	2,700	-	-	(2,700)
Amortization of right-of-use assets	235,322	-	-	(235,322)
Total Expenses	<u>\$ 2,471,843</u>	<u>\$ 16,300</u>	<u>\$ 867,063</u>	<u>\$ (1,588,480)</u>

Business-Type Activity

The Charter School’s food service is administered by the West Orange Public Schools , Sponsoring School Food Authority (Sponsoring SFA). The financial transactions, and statistical records related to the school food service are maintained by the Sponsoring SFA. Thus, the Charter School do not have business-type revenue and expenses.

The Charter School’s Funds

The Charter School’s governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues of \$3.03 million and expenditures and other financing uses of \$2.47 million.

General Fund Budgeting Highlights

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

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

For the General Fund, final budgeted revenues were \$2.12 million which included a local tax levy of \$1.39 million. Expenditures and other financing uses were budgeted at \$2.19 million. The Charter School anticipated a decrease in fund balance of \$0.07 million. In its fiscal year 2022-2023, actual revenues were \$2.60 million and expenditures and other financing sources were \$2.07 million.

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

General Fund Budgeting Highlights - Continued

The State of New Jersey reimbursed the Charter School \$0.07 million during the year ended June 30, 2023 for the employer’s share of social security contributions for TPAF members while on-behalf TPAF payments for pension, post-retirement medical benefits and long-term disability insurance were \$0.38 million. These unbudgeted amounts are included in both revenues and expenditures.

Capital Assets

At the end of fiscal year 2023, the Charter School had invested in capital assets as follow:

	Governmental Activities	Business Type Activities	Total
Machinery and Equipment	\$ 165,661	\$ -	\$ 165,661
Less: Accumulated Depreciation	(165,661)	-	(165,661)
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Right-of-Use Assets

At the end of fiscal year 2023, the Charter School had \$0.94 million in right-of-use assets for its leased building and copiers as follow:

	Governmental Activities	Business Type Activities	Total
Right-of-use Assets	\$ 2,319,382	\$ -	\$ 2,319,382
Less: Accumulated Amortization	(1,382,043)	-	(1,382,043)
Totals	<u>\$ 937,339</u>	<u>\$ -</u>	<u>\$ 937,339</u>

Long-term Liabilities

At the end of fiscal year 2023, the Charter School had \$1.19 million of lease liabilities, which are classified as long-term liabilities. The lease liabilities pertain to lease contracts for the Charter School building and copiers.

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Economic Factors and Next Year's Budget

The State of New Jersey continues to face serious budgetary constraints. These impacts the amount of state aid allocated to charter schools. This reality was taken into account when adopting the general fund budget for 2022-2023. Nothing was done to compromise the quality of the programs in place in our Charter School during the regular instructional day. The budget was prepared to ensure that all students have the textbooks, materials supplies, equipment and programs they need to meet New Jersey's Core Curriculum Content Standards.

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to reflect the Charter School's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to: Classical Academy Charter School of Clifton, 1255 Main Ave, Clifton, New Jersey 07103.

BASIC FINANCIAL STATEMENTS

CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

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

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)

STATEMENT OF NET POSITION

JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 2,052,521	\$ -	\$ 2,052,521
Restricted cash	75,000	-	75,000
Accounts receivable	264,221	-	264,221
Prepaid expenses	44,633	-	44,633
Security deposit	43,333	-	43,333
Total current assets	<u>2,479,708</u>	<u>-</u>	<u>2,479,708</u>
Capital assets:			
Fixed assets	165,661	-	165,661
Less: Accumulated depreciation	<u>(165,661)</u>	<u>-</u>	<u>(165,661)</u>
Net capital assets	<u>-</u>	<u>-</u>	<u>-</u>
Right-of-use assets:			
Right-of-use assets	2,319,382	-	2,319,382
Less: Accumulated amortization	<u>(1,382,043)</u>	<u>-</u>	<u>(1,382,043)</u>
Net right-of-use assets	<u>937,339</u>	<u>-</u>	<u>937,339</u>
Total assets	<u>3,417,047</u>	<u>-</u>	<u>3,417,047</u>
Deferred outflow of resources	<u>3,145</u>	<u>-</u>	<u>3,145</u>
Liabilities			
Current Liabilities:			
Accounts payable	200,945	-	200,945
Intergovernmental payable - state	12,581	-	12,581
Deferred revenues	27,709	-	27,709
Total current liabilities	<u>241,235</u>	<u>-</u>	<u>241,235</u>
Non-current Liabilities:			
Due within one year	261,846	-	261,846
Due in more than one year	<u>928,838</u>	<u>-</u>	<u>928,838</u>
Total non-current liabilities	<u>1,190,684</u>	<u>-</u>	<u>1,190,684</u>
Total liabilities	<u>1,431,919</u>	<u>-</u>	<u>1,431,919</u>
Deferred inflow of resources	<u>74,886</u>	<u>-</u>	<u>74,886</u>
Net position			
Invested in right-of-use assets, net of related debt	(253,345)	-	(253,345)
Restricted for:			
Student Activities	16,415	-	16,415
Unrestricted	<u>2,150,317</u>	<u>-</u>	<u>2,150,317</u>
Total net position	<u>\$ 1,913,387</u>	<u>\$ -</u>	<u>\$ 1,913,387</u>

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Totals
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction	\$ 1,227,090	\$ -	\$ 503,277	\$ (723,813)	\$ -	\$ (723,813)
Administrative cost	295,504	-	64,737	(230,767)	-	(230,767)
Support services	711,227	16,300	299,049	(395,878)	-	(395,878)
Unallocated:						
Capital outlay	2,700	-	-	(2,700)	-	(2,700)
Amortization of right-of-use assets	<u>235,322</u>	<u>-</u>	<u>-</u>	<u>(235,322)</u>	<u>-</u>	<u>(235,322)</u>
Total governmental activities	2,471,843	16,300	867,063	(1,588,480)	-	(1,588,480)
Business-type activities:						
Food Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 2,471,843</u>	<u>\$ 16,300</u>	<u>\$ 867,063</u>	<u>(1,588,480)</u>	<u>-</u>	<u>(1,588,480)</u>
General revenues, transfers and special items:						
Local sources				\$ 1,390,341	-	\$ 1,390,341
State sources				727,403	-	727,403
Miscellaneous				<u>31,909</u>	<u>-</u>	<u>31,909</u>
Total general revenues, transfers and special items				<u>2,149,653</u>	<u>-</u>	<u>2,149,653</u>
Changes in net position				561,173	-	561,173
Net position - beginning				<u>1,352,214</u>	<u>-</u>	<u>1,352,214</u>
Net position - ending (A-1)				<u>\$ 1,913,387</u>	<u>\$ -</u>	<u>\$ 1,913,387</u>

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)

GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 2,025,663	\$ 26,858	\$ 2,052,521
Restricted cash	75,000	-	75,000
Accounts receivables:			
State	193,190	-	193,190
Federal	-	71,031	71,031
Prepaid expense	44,633	-	44,633
Security deposit	43,333	-	43,333
Interfund receivables	52,666	(52,666)	-
Total assets	<u>\$ 2,434,485</u>	<u>\$ 45,223</u>	<u>\$ 2,479,708</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payables	\$ 199,846	\$ 1,099	\$ 200,945
Intergovernmental payables - State	12,581	-	12,581
Deferred revenue	-	27,709	27,709
Total liabilities	<u>212,427</u>	<u>28,808</u>	<u>241,235</u>
Fund balances:			
Restricted:			
Student activities	-	16,415	16,415
Assigned	85,873	-	85,873
Unassigned	2,136,185	-	2,136,185
Total fund balances	<u>2,222,058</u>	<u>16,415</u>	2,238,473
Total liabilities and fund balances	<u>\$ 2,434,485</u>	<u>\$ 45,223</u>	

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

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

Cost of capital assets	\$ 165,661
Accumulated depreciation	<u>(165,661)</u>
	-
Right-of-use assets	2,319,382
Accumulated amortization	<u>(1,382,043)</u>
	<u>937,339</u>

Deferred outflow and deferred inflow of resources and amortized in the statement of activities	Deferred amounts of net pension liability	<u>(71,741)</u>
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Long-term liabilities, including lease liabilities and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Lease liabilities	<u>(1,190,684)</u>
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Net position of governmental activities - A-1	<u>\$ 1,913,387</u>
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CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Revenues			
Local Sources:			
Local tax levy	\$ 1,390,341	\$ -	\$ 1,390,341
Miscellaneous	<u>31,909</u>	<u>16,300</u>	<u>48,209</u>
Total revenues - local sources	1,422,250	16,300	1,438,550
Federal sources	-	370,696	370,696
State sources	<u>1,176,960</u>	<u>-</u>	<u>1,176,960</u>
Total revenues	<u>2,599,210</u>	<u>386,996</u>	<u>2,986,206</u>
Expenditures			
Current expense:			
Regular instruction	595,406	197,428	792,834
Support services and undistributed costs:			
Student and instruction-related services	180,079	160,468	340,547
Other administrative services	189,145	-	189,145
School administrative services	14,445	-	14,445
Plant operations and maintenance	122,951	-	122,951
Personal services - employee benefits	652,823	29,322	682,145
Capital outlay	<u>2,700</u>	<u>-</u>	<u>2,700</u>
Total expenditures	<u>1,757,549</u>	<u>387,218</u>	<u>2,144,767</u>
Excess of revenue over expenses	<u>841,661</u>	<u>(222)</u>	<u>841,439</u>
Other financing sources (uses):			
Principal payment on leases	(239,793)	-	(239,793)
Interest payment on leases	<u>(69,142)</u>	<u>-</u>	<u>(69,142)</u>
Total other financing sources (uses)	<u>(308,935)</u>	<u>-</u>	<u>(308,935)</u>
Net change in fund balances	532,726	(222)	532,504
Fund balances at beginning of the year	<u>1,689,332</u>	<u>16,637</u>	<u>1,705,969</u>
Fund balances at end of year	<u>\$ 2,222,058</u>	<u>\$ 16,415</u>	<u>\$ 2,238,473</u>

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

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

YEAR ENDED JUNE 30, 2023

Total net change in fund balances - governmental funds (B-2) \$ 532,504

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

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

Amortization of right-of-use assets (235,322)

Repayment of capital lease obligations are expenditures in the governmental funds, but the repayment reduces noncurrent liabilities in the Statement of Net Assets and are not reported in the Statement of Activities.

Lease liabilities 239,793

In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacation) 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 amounts exceeds the paid amount, the difference is a reduction in the reconciliation, when the paid amount, exceeds the earned amount the difference is an addition to the reconciliation

Pension costs 24,198

Change in net position of governmental activities (A-2) \$ 561,173

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

B. Component Units

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

C. Basis of Presentation

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

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

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Continued

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

The financial statements include:

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

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

D. Basic Financial Statements

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

Government-wide Financial Statements

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

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

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Basic Financial Statements - Continued

Fund Financial Statements

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

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

E. Governmental Funds

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

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

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Governmental Funds - Continued

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

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

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on, bonds issued to finance major property acquisitions, construction, and improvement programs. As of June 30, 2023, there was no debt service fund.

F. Proprietary Funds

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

Enterprise Funds:

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

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Proprietary Funds - Continued

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

Internal Service (Self-Insurance) Fund:

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

G. Fiduciary Funds

Fiduciary funds are classified as follows:

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

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

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

The Charter School do not have fiduciary activity for the year ended June 30, 2023.

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

H. Measurement Focus and Basis of Accounting

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

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

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

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

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

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

I. Budgets/Budgetary Control

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

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

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

J. Assets, Liabilities and Equity

Deposits, Investments and Risk Disclosure

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

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Assets, Liabilities and Equity - Continued

Deposits, Investments and Risk Disclosure - continued

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

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

Deposits

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

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

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
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NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Assets, Liabilities and Equity - Continued

Investments

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

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

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

Risk Category

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

As of June 30, 2023, the Board had funds invested and on deposit in checking accounts. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 3 and modified by GASB Statement No. 40, and as such, are deposits that are insured or collateralized with securities held by the Board or by its agent in the Board's name, both at year-end and throughout the year.

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

Prepaid Expenses

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

There was a prepaid expense of \$44,633 as of June 30, 2023.

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Assets, Liabilities and Equity - Continued

Interfund Assets/Liabilities

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

Fixed Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the Charter School as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation based for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

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

Donated capital assets are capitalized at estimated fair market value on the date donated. Depreciation of capital assets is computed and recorded by the straight-line method.

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building, if owned	50 years
Building Improvement	20 years
Electrical/Plumbing	30 years
Office and Computer Equipment	5-10 years

Right-of-Use Assets

Right-of-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized over the lease term or the life of the asset, whichever is shorter.

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(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Assets, Liabilities and Equity – Continued

Subscription Assets

In the charter school-wide financial statements, subscription assets are measured as the sum of (1) present value of subscription payments expected to be made during the subscription term plus (2) payments made before commencement of the subscription term, and (3) any capitalizable implementation costs, less any incentives received at or before the commencement of the subscription term in the charter school-wide and proprietary fund financial statements and is amortized on a straight-line basis over the subscription term. Short-term SBITAs, which have a maximum possible term of 12 months, including any options to extend, regardless of their probability of being exercised, are recognized as outflows of resources in the period paid. The Charter School does not have subscription assets at June 30, 2023.

Pensions

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

Deferred Revenue

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

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Assets, Liabilities and Equity - Continued

Accrued Liabilities and Long-Term Obligations

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

Lease Liabilities

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

Subscription Liabilities

In the charter school-wide financial statements, subscription liabilities are reported and measured as the present value of subscription payments at the charter school's incremental borrowing rate. The Charter School does not have subscription liabilities at June 30, 2023.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Assets, Liabilities and Equity - Continued

Fund Balance and Equity

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

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

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

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

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

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance.

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Assets, Liabilities and Equity - Continued

Fund Balance and Equity - Continued

For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets.

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

Net Position

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

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

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

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

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

Contributed Capital

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

K. Interfund Transactions

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

L. Use of Estimates

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

M. Accounting for Uncertainty in Income Taxes

The Charter School recognizes the effect of income tax positions only of those positions are more likely than not of being sustained. Management has determined that the Charter School had no uncertain tax positions that would require financial statement recognition. The Charter School is no longer subject to audits by the applicable taxing jurisdictions for tax periods prior to 2020.

N. On-Behalf Payments

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

O. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is January 30, 2024.

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 2 ACCOUNTING PRONOUNCEMENTS

A. Accounting Pronouncement Adopted During the Year

GASB Statement No. 91, *Conduit Debt Obligations* provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Charter School is not a party to a conduit debt obligation, and therefore, the adoption of this standard did not have an effect on the Charter School's financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* provides new definitions and guidance for accounting and financial reporting for public-private, public-public partnerships (PPPs) and availability payment arrangements (APAs).

A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time, in an exchange or exchange-like transaction.

An APA is an arrangement in which a government compensates an operator for activities that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time, in an exchange or exchange-like transaction. In an APA, a government procures a capital asset or service, rather than receiving compensation to allow another entity to provide public services. During the process of evaluating the impact of this statement, it was confirmed that the Charter School is not involved in APA arrangements.

The Charter School do not have a PPP nor APA type of agreements, and thus the adoption of Statement No. 93 had no impact on the Charter School's current accounting practices nor its financial reporting

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. The Statement is based on the principle that SBITAs are financings of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). It establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. Additionally, the Statement provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The new

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
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NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 2 ACCOUNTING PRONOUNCEMENTS - CONTINUED

A. Accounting Pronouncement Adopted During the Year – Continued

SBITA standard also requires enhanced disclosures which include a general description of a SBITA arrangement, the total amount of subscription assets and the related accumulated amortization, the amount of outflow of resources recognized from SBITA contracts that are not included in the measurement of the liability, and the disclosure of the long-term effect of SBITA arrangements on a government’s resources.

The Charter School’s SBITA are for a term of 12 months or less and do not meet the capitalization threshold. Thus, the adoption did not have an effect on the Charter School’s financial statements aside from the required disclosures.

GASB Statement No. 92, *Omnibus 2022*, addresses a variety of practice issues, such as requirements related to derivatives, leases, PPPs and SBITAs that were identified during implementation and application of certain GASB Statements. The effective periods of Statement No. 99 covered multiple fiscal years. The Charter School implemented some of the requirements of this statement in its fiscal year ended June 30, 2022 financials, and the residual items in the current fiscal year and found that there were no material impacts to the Charter School’s financial statements. Additionally, the Charter School does not have derivative or hedging instruments and other investment instruments as defined by Statement No. 99.

B. Accounting Pronouncements Issued but not Yet Adopted

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

GASB Statement No.	GASB Accounting Standard	Effective Fiscal Year
99	Omnibus 2022	2024
100	Accounting Changes and Error Corrections— an amendment of GASB Statement No. 62	2024
101	Compensated Absences	2024

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NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 3 CASH AND CASH EQUIVALENTS

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

As of June 30, 2023, the Charter School's carrying amount of deposits and investments are as follows:

	General Fund	Special Revenue Fund	Total
Operating Account	\$ 2,025,663	\$ 26,858	\$ 2,052,521
Restricted cash	75,000	-	75,000
Total	<u>\$ 2,100,663</u>	<u>\$ 26,858</u>	<u>\$ 2,127,521</u>

Operating cash accounts are held in the Charter School's name by several banking institutions. At June 30, 2023, the Charter School's carrying amount of deposits was \$2,127,521 and the bank balance was \$2,185,643. Of the bank balance, up to a maximum of \$250,000 of the Charter School's cash deposits on June 30, 2023 were secured by federal deposit insurance and \$1,935,643 covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Governmental Unit Deposit Protection Act ("GUDPA").

Restricted Cash

The Charter School has established and funded an Escrow Account pursuant to an agreement signed with the New Jersey Department of Education. The required minimum is \$75,000, which is fully funded at June 30, 2023. The agreement stipulates that the intended use of the escrow amount is "to pay for legal and audit expenses and any other outstanding pension benefits that would be associated with a dissolution should it occur."

NOTE 4 CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2023 was as follows:

Governmental Activities	Beginning Balance	Net Additions (Deletions)	Ending Balance
Capital assets being depreciated:			
Cost			
Machinery and Equipment	\$ 165,661	\$ -	\$ 165,661
Less: Accumulated depreciation	<u>165,661</u>	<u>-</u>	<u>165,661</u>
Capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 5 LEASES

A lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial assets, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The Charter School leases a significant amount of nonfinancial assets such as building and equipment. The related obligations are presented in the amounts equal to the present value of lease payments, payable during the remaining lease term. As a lessee, the associated right-of-use assets as of June 30, 2023 on the government-wide Statement of Net Position is as follow:

Governmental Activities	Beginning Balance	Net Additions (Deletions)	Ending Balance
Right-of-use assets being amortized:			
School building	\$ 2,285,545	\$ -	\$ 2,285,545
Copiers	33,837	-	33,837
Total	2,319,382	-	2,319,382
Less: Accumulated amortization	(1,146,721)	(235,322)	(1,382,043)
Right-of-use assets, net	<u>\$ 1,172,661</u>	<u>\$ (235,322)</u>	<u>\$ 937,339</u>

The amortization of right-of-use assets for the year ended June 30, 2023, recognized in the Charter School-wide statement of activities amounted to \$235,322.

The lease liabilities as of June 30, 2023 recognized in the Charter School-wide statement of financial position amounted to \$1,190,684.

The Charter School did not incur expenses related to its leasing activities related to residual value guarantees, lease termination penalties or losses due to impairment. As a lessee, there are currently no agreements that include sale-leaseback and lease-leaseback transactions.

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

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

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 5 LEASES – CONTINUED

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

Furthermore, the Charter School has no commitment for leases that have not commenced as of June 30, 2023.

NOTE 6 LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2023, noncurrent liabilities are reported in the statement of net position, pertain to the following:

Non-current Liabilities	Balance July 1, 2022	Additions	Retired	Balance June 30, 2023	Due within One Year
Governmental Activities					
Lease liabilities	\$ 1,430,477	\$ -	\$ 239,793	\$ 1,190,684	\$ 261,846

Lease Liabilities

As of June 30, 2023, the Charter School's minimum principal and interest payment requirements for its leasing activities, with a remaining term in excess of one year, is as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 261,846	\$ 56,241	\$ 318,087
2025	285,438	41,853	327,291
2026	310,544	26,340	336,884
2027	332,856	9,520	342,376
Total	\$ 1,190,684	\$ 133,954	\$ 1,324,638

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 7 NET POSITION

As of June 30, 2023, governmental activities net position consisted of the following components:

<u>INVESTMENT IN RIGHT-OF-USE ASSETS, NET OF RELATED DEBT</u>	
Right-of-use assets, net	\$ 937,339
Less: Long-term obligations	<u>(1,190,684)</u>
	<u>(253,345)</u>
 <u>RESTRICTED</u>	
Student Activity Fund	<u>16,415</u>
 <u>UNRESTRICTED</u>	
Net position not restricted above	<u>2,150,317</u>
NET POSITION	<u>\$ 1,913,387</u>

Business-type activities net position did not have any capital assets or restrictions.

NOTE 8 PENSION PLANS

A. Description of Plans

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

i. Public Employees' Retirement System (PERS)

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

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 8 PENSION PLANS – CONTINUED

Charter School, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

ii. Teachers Pension and Annuity Fund (TPAF)

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

B. Vesting and Benefit Provisions

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

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

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

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 8 PENSION PLANS - CONTINUED

C. Significant Legislation

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

Chapter 4, P.L 2001 provides increased benefit to certain members of PERS who retired prior to December 29, 1989 with at least 25 years of creditable service. The maximum amount of the increase is 5 percent the retiree's final compensation. For those with 30 or more years of service, the total pension would increase from 65 to 71 percent of final compensation. Due to the enactment of 1997 legislation, Chapter 114, P.L. 1997 and Chapter 115, P.L 1997, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated. In addition, excess valuation assets were available to fund, in full or in part, the State of New Jersey's normal contribution from 1997 to 2001, excluding the contribution for post-retirement medical benefits in the PERS and TPAF.

D. Contribution Requirement

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

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 8 PENSION PLANS - CONTINUED

D. Contribution Requirement - Continued

The Charter School's did not have any required PERS contribution for the year ended June 30, 2023.

The State of New Jersey was required to contribute for TPAF on-behalf of the Charter School, for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) and post-retirement medical contribution amounting to \$380,660 In addition, the State of New Jersey also contributed \$247 for TPAF LTDI for the fiscal year ended June 30, 2023.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$68,650 during the year ended June 30, 2023 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contribution and social contribution for TPAF members are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure.

E. GASB 68 Disclosures

i. Public Employees' Retirement System (PERS)

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

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

At June 30, 2023, the Charter School reported in the Charter School-wide statement of net position a liability of zero for its proportionate share of the PERS net pension liability. The total pension liability was measured as of June 30, 2022 was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The Charter School's proportionate share of the net pension liability was based on the ration of contributions as an individual employer to the total contributions to the PERS

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
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NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 8 PENSION PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

i. Public Employees' Retirement System (PERS) – continued

as of June 30, 2022 measurement date. The results of the June 30, 2022 measurement date was used to determine pension values for fiscal year 2023 as allowed by GASB Statement No. 68.

At June 30, 2022 and 2021 measurement date, the Charter School's proportionate share was 0.0%.

For the year ended June 30, 2023, the Charter School recognized pension expense of \$24,198. The Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Change in proportion and differences between Charter School contributions and proportionate share contributions	\$ 3,145	\$ 74,886

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

	Year Ending <u>June 30</u>
2024	\$ (28,488)
2025	(20,151)
2026	(14,369)
2027	(8,703)
2028	(30)

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

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 8 PENSION PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

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

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases	2.75 – 6.55% based on years of service
Investment rate of return	7.00%

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

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

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

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 8 PENSION PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

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

<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-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%
Total	<u>100.00%</u>	

Discount rate. The discount rate used to measure the total pension liability was 7% as of June 30, 2022 measurement date. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions from local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of all current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 8 PENSION PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

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

Sensitivity of the Charter School's Proportionate share of the net pension liability to changes in the discount rate. The following presents the Charter School's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the net pension liability	\$ _____ -	\$ _____ -	\$ _____ -

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

ii. Teachers Pension and Annuity Fund (TPAF)

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

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

In accordance with N.J.S.A. 18:66-33, the employer contributions for the Charter School is legally required to be funded by the State. This 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. As such, there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Charter School.

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 8 PENSION PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

ii. Teachers Pension and Annuity Fund (TPAF) - continued

For the year ended June 30, 2023, the Charter School recognized pension expense and related revenue of \$105,099 in the Charter School-wide financial statements for its proportionate share in the special funding support provided by the State for its TPAF members. The results of the June 30, 2022 measurement date was used to determine pension values for fiscal year 2023 as allowed by GASB Statement No. 68.

The State's proportionate share of the net pension liability attributable to the Charter School was based on the ratio on the State's contribution as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF for the June 30, 2022 and 2021 measurement dates, respectively. At June 30, 2023 and 2022, the State's proportion of the net pension liability attributable to Charter School was 0.0075689856% and 0.0048297125%, respectively.

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

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases	2.75% - 5.65% based on years of service
Investment rate of return	7.00%

Pre-retirement mortality were based on 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.

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
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NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 8 PENSION PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

ii. Teachers Pension and Annuity Fund (TPAF) - continued

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

Long-term Expected Rate of Return. In accordance with the State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of 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-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%
Total	<u>100.00%</u>	

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 8 PENSION PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

ii. Teachers Pension Annuity Fund (TPAF) - continued

Discount rate. The discount rate used to measure the total pension liability was 7.0% June 30, 2022 measurement date. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of all current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability. The following presents the Charter School's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's proportionate share of the net pension liability attributable to the Charter School	<u>\$4,586,192</u>	<u>\$ 3,905,174</u>	<u>\$3,342,961</u>

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 9 POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

State Health Benefit State Retired Employees Plan

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims costs. In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021.

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 9 POST-RETIREMENT BENEFITS - CONTINUED

General Information about the OPEB Plan – continued

Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Total OPEB Liability

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

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

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial valuation vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	TPAF/ABP	PERS	PFRS
Salary increases:	2.75% to 4.25%	2.75% to 4.25%	2.75% to 4.25%
	Based on years of service	Based on years of service	Based on years of service

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. Disability mortality was 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 disables 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.

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 to June 30, 2021.

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 9 POST-RETIREMENT BENEFITS - CONTINUED

(a) Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially is 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 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%.

(b) Discount rate

The discount rate for used for June 30, 2022 measurement dates 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.

Changes in the Total OPEB liability of the State for Charter School retirees

Balance at 6/30/21 measurement date	\$ 2,136,033
Changes for the year	
Service cost	234,079
Interest	40,510
Change of benefit terms	-
Differences between expected and actual experience	(433,092)
Changes in assumptions and other inputs	(410,067)
Benefit payments	(40,127)
Contributions from the member	<u>1,287</u>
Net Change	<u>(607,410)</u>
Balance at 6/30/22 measurement date	<u>\$ 1,528,623</u>

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 9 POST-RETIREMENT BENEFITS - CONTINUED

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

	<u>1% Decrease (1.16%)</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Changes in the State's Proportionate Share of the Total OPEB Liability Attributable to the Charter School retirees	\$ 1,796,736	\$ 1,528,623	\$ 1,313,744

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the State for Charter School retirees, as well as what the State's total OPEB liability for the Charter School retirees would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Health Cost Trend Rate</u>	<u>1% Increase</u>
Changes in the State's Proportionate Share of the Total OPEB Liability Attributable to the Charter School retirees	\$ 1,263,500	\$ 1,528,623	\$ 1,876,878

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

For the year ended June 30, 2023, the Charter School recognize OPEB revenue and expense of \$243,177 as determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

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

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 9 POST-RETIREMENT BENEFITS – CONTINUED

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to retired Charter School employees' OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 264,566	\$ 520,260
Difference between expected and actual experience	272,920	466,706
Changes in proportion	580,871	340,959
	<u>\$ 1,118,357</u>	<u>\$ 1,327,925</u>

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

	Year Ended June 30
2024	\$ (28,583)
2025	(28,583)
2026	(28,583)
2027	(28,583)
2028	(14,460)
Thereafter	(80,776)

NOTE 10 DEFERRED COMPENSATION

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

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 11 RISK MANAGEMENT

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

A. Property and Liability Insurance

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

B. New Jersey Unemployment Compensation

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

NOTE 12 INTERFUND RECEIVABLES AND PAYABLES

Amount reported in the governmental funds as interfund receivable and payable from/to other governmental funds are eliminated in the governmental activities column. The remaining internal receivable and payable between the governmental funds and enterprise fund have been eliminated in the total Charter School-wide Statement of Net Asset.

At June 30, 2023, the interfund balances consisted of the following components:

	<u>RECEIVABLE (PAYABLE)</u>		
	<u>General</u>	<u>Special</u>	<u>Enterprise</u>
	<u>Fund</u>	<u>Revenue</u>	<u>Fund</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
General fund	\$ 52,666	\$ (52,666)	\$ -
GASB No 34 mandated eliminations within governmental activities	<u>(52,666)</u>	<u>52,666</u>	<u>-</u>
Net interfund balances reported as follows: Entity-wide (eliminated in total column)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

NOTE 13 CONTINGENCIES

State and Federal Aid Receipts

State and Federal awards are generally subject to review by the responsible governmental agencies for compliance with the agencies regulations governing the aid. In the opinion of the Charter School's management and legal counsel, any potential adjustments to the Federal or State aid recorded by the Charter School through June 30, 2023, resulting from a review by a responsible government agency will not have a material effect on the Charter School financial statements at June 30, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

BUDGETARY COMPARISON SCHEDULES

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local Sources:					
Local tax levy	\$ 1,390,341	\$ -	\$ 1,390,341	\$ 1,390,341	\$ -
Miscellaneous	-	-	-	31,909	31,909
Total - Local Sources	1,390,341	-	1,390,341	1,422,250	31,909
State Sources:					
Categorical special education aid	26,977	-	26,977	26,977	-
Equalization aid	667,414	-	667,414	667,414	-
Categorical security aid	33,012	-	33,012	33,012	-
On-behalf T.P.A.F. pension contributions - normal cost (non-budgeted)	-	-	-	301,466	301,466
On-behalf T.P.A.F. pension contributions - post-retirement medical (non-budgeted)	-	-	-	79,194	79,194
On-behalf T.P.A.F. pension contributions - long-term disability insurance (non-budgeted)	-	-	-	247	247
Reimbursed T.P.A.F. social security contributions (non-budgeted)	-	-	-	68,650	68,650
Total - State Sources	727,403	-	727,403	1,176,960	449,557
Total Revenues	2,117,744	-	2,117,744	2,599,210	481,466
Expenditures					
Current Expense:					
Regular Programs - Instruction:					
Grades 6-8 - salaries of teachers	719,261	200	719,461	576,025	143,436
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	56,200	(10,849)	45,351	12,285	33,066
Purchased professional - educational services	7,000	5,847	12,847	4,141	8,706
General supplies	19,351	(11,326)	8,025	653	7,372
Textbooks	38,359	(26,369)	11,990	-	11,990
Miscellaneous	9,680	42,036	51,716	2,302	49,414
Total Regular Programs - Instruction	849,851	(461)	849,390	595,406	253,984
Undistributed Expenditures - Health Services:					
Salaries	45,779	19,066	64,845	47,502	17,343
Purchased Professional and Technical Services	5,575	-	5,575	5,575	-
Supplies and materials	-	12,542	12,542	7,360	5,182
Total Undistributed Expenditures - Health Services	51,354	31,608	82,962	60,437	22,525
Undistributed Expenditures - Child Study Team:					
Salaries of other professional staff	53,864	(29,680)	24,184	19,121	5,063
Purchased Professional - Educational Services	521	-	521	521	-
Total Undistributed Expenditures - Child Study Team	54,385	(29,680)	24,705	19,642	5,063
Undistributed Expenditures - Support Services - General Administration:					
Salaries	173,064	(25,224)	147,840	147,665	175
Other purchased professional services	52,147	(50,150)	1,997	1,863	134
Legal services	6,887	38,870	45,757	3,440	42,317
Audit Fees	25,000	-	25,000	23,000	2,000
Communications/telephone	15,000	(9,536)	5,464	3,731	1,733
Miscellaneous purchased services (400-500)	9,108	2,548	11,656	6,028	5,628
General supplies	7,122	(5,001)	2,121	271	1,850
Miscellaneous expenditures	4,504	37,457	41,961	3,147	38,814
Total Undistributed Expenditures - Support Services - General Administration	292,832	(11,036)	281,796	189,145	92,651
Undistributed Expenditures - Support Services - School Administration:					
Purchased professional and technical services	15,387	(15,000)	387	193	194
Other purchased services (400-500 Series)	10,000	14,515	24,515	14,252	10,263
Total Undistributed Expenditures - Support Services - School Administration	25,387	(485)	24,902	14,445	10,457
Undistributed Expenditures - Central Services:					
Salaries	100,000	-	100,000	100,000	-
Custodial Services:					
Salaries	50,000	-	50,000	50,000	-
Cleaning, repair, and maintenance services	7,619	13,555	21,174	4,348	16,826
Insurance	33,671	-	33,671	220	33,451
General supplies	8,572	(973)	7,599	1,818	5,781
Energy	50,298	28,997	79,295	64,753	14,542
Other objects	394	5,544	5,938	1,812	4,126
Total Undistributed Expenditures - Custodial Services	150,554	47,123	197,677	122,951	74,726
Unallocated Benefits - Employee Benefits:					
Social Security contributions	45,600	-	45,600	3,764	41,836
Other retirement contributions - PERS	-	100	100	97	3
Unemployment compensation	12,000	-	12,000	5,175	6,825
Health benefits	302,076	(39,869)	262,207	194,230	67,977
Total Unallocated Benefits - Employee Benefits	359,676	(39,769)	319,907	203,266	116,641

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
On-behalf T.P.A.F. pension contributions - normal cost (non-budgeted)	-	-	-	301,466	(301,466)
On-behalf T.P.A.F. pension contributions - post-retirement medical (non-budgeted)	-	-	-	79,194	(79,194)
On-behalf T.P.A.F. pension contributions - long-term disability insurance (non-budgeted)	-	-	-	247	(247)
Reimbursed T.P.A.F. social security contributions (non-budgeted)	-	-	-	68,650	(68,650)
Total On-behalf Contributions	-	-	-	449,557	(449,557)
Total Personal Services - Employee Benefits	359,676	(39,769)	319,907	652,823	(332,916)
Total Undistributed Expenditures	1,034,188	(2,239)	1,031,949	1,159,443	(127,494)
Total General Current Expense	1,884,039	(2,700)	1,881,339	1,754,849	126,490
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Non-instructional services	-	2,700	2,700	2,700	-
Total Expenditures	1,884,039	-	1,884,039	1,757,549	126,490
Excess (Deficiency) of Revenues Over Expenditures	233,705	-	233,705	841,661	607,956
Other Financing Sources (Uses):					
Principal payments on leases	(239,793)	-	(239,793)	(239,793)	-
Interest payments on leases	(69,142)	-	(69,142)	(69,142)	-
Total Other Financing Sources (Uses)	(308,935)	-	(308,935)	(308,935)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(75,230)	-	(75,230)	532,726	607,956
Fund Balances at beginning of year	1,689,332	-	1,689,332	1,689,332	-
Fund Balances at end of year	\$ 1,614,102	\$ -	\$ 1,614,102	\$ 2,222,058	\$ 607,956
Recapitulation:					
Assigned:					
Year-End Encumbrances				\$ 85,873	
Unassigned				2,136,185	
				2,222,058	
Reconciliation to Governmental Funds Statements (GAAP):					
Fiscal Year 2023 Last State Aid Payments not Recognized on GAAP Basis				-	
Fund Balance per Governmental Funds (GAAP)				\$ 2,222,058	

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
Revenues					
Local	\$ -	\$ -	-	\$ 16,300	\$ 16,300
Federal	430,364	-	430,364	370,696	(59,668)
Total revenues - all sources	<u>430,364</u>	<u>-</u>	<u>430,364</u>	<u>386,996</u>	<u>(43,368)</u>
Expenditures					
Current Expenditures:					
Instruction:					
Salaries of teachers	14,747	94,587	109,334	106,426	2,908
Purchased professional and technical services	126,838	(70,215)	56,623	8,527	48,096
Other purchased services	37,500	(12,500)	25,000	25,000	-
Supplies and materials	63,128	(5,555)	57,573	57,475	98
Total instruction	<u>242,213</u>	<u>6,317</u>	<u>248,530</u>	<u>197,428</u>	<u>51,102</u>
Support services:					
Salaries	20,955	49,328	70,283	70,283	-
Employee Benefits	8,382	20,940	29,322	29,322	-
Professional Technical Services	147,897	(70,268)	77,629	72,623	5,006
Other Purchased Services	9,117	(6,317)	2,800	-	2,800
Supplies and Materials	1,800	-	1,800	1,040	760
Student Activities	-	-	-	16,522	(16,522)
Total support services	<u>188,151</u>	<u>(6,317)</u>	<u>181,834</u>	<u>189,790</u>	<u>(7,956)</u>
Total Expenses	<u>430,364</u>	<u>-</u>	<u>430,364</u>	<u>387,218</u>	<u>43,146</u>
Excess revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(222)</u>	<u>(222)</u>
Fund Balance at beginning of year				<u>16,637</u>	
Fund Balance at end of year				<u>\$ 16,415</u>	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

PART II

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY GAAP RECONCILIATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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) "revenue" from the budgetary comparison schedule:	[C-1] \$ 2,599,210	[C-2] 386,996
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	-
Last State aid payment recognized for budgetary purposes only.	-	-
General Fund contribution to Early Childhood Program Aid.	-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2] <u>2,599,210</u>	[B-2] <u>386,996</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] 2,066,484	[C-2] 387,218
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	-	-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		
Net transfer (outflows) to general fund	-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] <u>\$ 2,066,484</u>	[B-2] <u>\$ 387,218</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

PART III

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

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF ESSEX, NEW JERSEY)

EXHIBIT L-1

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHARTER SCHOOL'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY - PERS

Last Ten Fiscal Years ⁽¹⁾

	Fiscal Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Charter School's proportion of the net pension liability (asset)	0.0000000000%	0.0000000000%	0.0004836603%	0.0004502905%	0.0006465416%	0.0006544737%	0.0004576841%	0.0053388740%	NA
Charter School's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ 78,872	\$ 81,136	\$ 127,301	\$ 152,351	\$ 135,553	\$ 119,847	NA
Charter School's covered-employee payroll	\$ 176,762	\$ 187,980	\$ 255,824	\$ -	\$ 22,001	\$ 10,668	\$ 22,001	\$ 40,668	NA
Charter School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0%	0%	31%	0.00%	578.61%	1428.11%	616.12%	294.70%	NA
Plan fiduciary net position as a percentage of the total pension liability	62.91%	70.33%	58.32%	42.00%	53.60%	48.10%	40.14%	38.21%	NA

⁽¹⁾ The Charter School implemented GASB 68, Accounting and Financial Reporting for Pension in fiscal year 2015. No data is available prior to fiscal year 2015.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHARTER SCHOOL'S CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

Last Ten Fiscal Years ⁽¹⁾

	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Contractually required contribution	\$ -	\$ -	\$ 5,291	\$ 4,380	\$ 6,431	\$ 6,063	\$ 4,066	\$ 4,590	\$ 4,901	
Contributions in relation to the contractually required contribution	-	-	(5,291)	(4,380)	(6,431)	(6,342)	(4,066)	(4,590)	(4,901)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (279)	\$ -	\$ -	\$ -	
Charter School's covered-employee payroll	\$ 176,762	\$ 187,980	\$ 255,824	\$ -	\$ 22,001	\$ 10,668	\$ 22,001	\$ 40,668	\$ 38,052	
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	2.07%	0.00%	29.23%	56.83%	18.48%	11.29%	12.88%	

⁽¹⁾ The Charter School implemented GASB 68, Accounting and Financial Reporting for Pension in fiscal year 2015. No data is available prior to fiscal year 2015.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHARTER SCHOOL'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY - TPAF

Last Ten Fiscal Years ⁽¹⁾

	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Charter School's proportion of the net pension liability (asset)	0.0075689856%	0.0048297125%	0.0055993015%	0.0056986123%	0.0061357129%	0.0058319069%	0.0050558025%	0.0047887990%	0.00445986%	
Charter School's proportionate share of the net pension liability (asset)	\$ 3,905,174	\$ 2,321,893	\$ 3,687,073	\$ 3,497,292	\$ 3,903,409	\$ 3,932,082	\$ 3,977,216	\$ 3,026,725	\$ 2,435,742	
Charter School's covered-employee payroll	\$961,460	\$966,202	\$ 684,311	\$ 712,544	\$ 454,742	\$ 605,664	\$ 580,423	\$ 583,342	\$ 557,866	
Charter School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	406.17%	240.31%	538.80%	490.82%	858.38%	649.22%	685.23%	518.86%	436.62%	
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.83%	28.71%	33.64%	

⁽¹⁾ The Charter School implemented GASB 68, Accounting and Financial Reporting for Pension in fiscal year 2015. No data is available prior to fiscal year 2015.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

PART III

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART III
YEAR ENDED JUNE 30, 2023

Public Employees Retirement System (PERS)

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

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

Teachers Pension and Annuity Fund (TPAF)

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

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

Other Post-employment Benefits (OPEB)

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

Change in assumptions. The calculation of the discount rate used to measure the total nonemployer OPEB liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. The discount rate used to measure the total pension liability changed from 2.16% to 3.54% in the current measurement date. This change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 75. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF ESSEX, NEW JERSEY)

EXHIBIT M-1

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

Last Ten Fiscal Years ⁽¹⁾

	Fiscal Year Ended June 30,					
	2023	2022	2021	2020	2019	2018
Total State OPEB Liability Attributable to Charter School						
Service cost	\$ 234,079	\$ 190,305	\$ 115,145	\$ 94,387	\$ 111,526	\$ 132,563
Interest	40,510	55,411	41,969	46,821	50,249	41,322
Change of benefit terms	-	(2,274)	-	-	-	-
Difference between expected and actual experience	(433,092)	191,323	197,054	(158,002)	(177,595)	-
Changes in assumptions and other inputs	(410,067)	2,107	318,092	16,379	(129,864)	(169,980)
Contributions from the member	1,287	1,417	919	1,000	1,046	1,114
Benefit payments	(40,127)	(43,648)	(30,316)	(33,722)	(30,260)	(30,263)
Net Change in Total State OPEB Liability Attributable to Charter School	(607,410)	394,641	642,863	(33,137)	(174,898)	(25,244)
Total State OPEB Liability Attributable to Charter School:						
At beginning of year	<u>\$ 2,136,033</u>	<u>\$ 1,741,392</u>	<u>\$ 1,098,529</u>	<u>\$ 1,131,666</u>	<u>1,306,564</u>	<u>1,331,808</u>
At end of year	<u>\$ 1,528,623</u>	<u>\$ 2,136,033</u>	<u>\$ 1,741,392</u>	<u>\$ 1,098,529</u>	<u>\$ 1,131,666</u>	<u>\$ 1,306,564</u>
Charter School's proportionate share of the Total OPEB Liability	0%	0%	0%	0%	0%	0%
Charter School Covered-employee payroll ⁽²⁾	\$ 1,138,222	\$ 1,138,222	\$ 940,135	\$ 712,544	\$ 476,743	\$ 616,332
Total State OPEB liability as a percentage of Charter School covered-employee payroll	134%	188%	185%	154%	237%	212%

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

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

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

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)

SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS

YEAR ENDED JUNE 30, 2023

	COVID-19 Grants										Student Activities	Total	
	Title I	Title II Part A	Title IV	I.D.E.A. Part B	Education Stabilization Fund (CARES Act)	CRRSA Act - ESSER II	CRRSA Act - Learning Acceleration	CRRSA Act - Mental Health	ARP ESSER Subgrant Evidence-Based Summer Learning and Enrichment Activities Grant	ARP ESSER Subgrant - Evidence-Based Comprehensive Beyond the School Day Activities Grant			
Revenues													
Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,300	\$ 16,300
Federal	99,673	15,098	24,634	42,463	3,462	85,194	25,000	45,000	23,855	6,317	-	370,696	
Total revenues - all sources	99,673	15,098	24,634	42,463	3,462	85,194	25,000	45,000	23,855	6,317	16,300	386,996	
Expenditures													
Current Expenditures:													
Instruction:													
Salaries of teachers	62,277	-	5,555	-	-	-	12,500	5,063	21,031	-	-	-	106,426
Purchased professional and technical services	-	-	-	2,210	-	-	-	-	-	6,317	-	-	8,527
Other Purchased Services	-	-	-	-	-	25,000	-	-	-	-	-	-	25,000
Instructional Supplies	12,817	-	11,689	6,129	3,462	8,054	12,500	-	2,824	-	-	-	57,475
Total instruction	75,094	-	17,244	8,339	3,462	33,054	25,000	5,063	23,855	6,317	-	-	197,428
Support services:													
Salaries	3,639	10,782	3,000	21,307	-	-	-	31,555	-	-	-	-	70,283
Benefits	20,940	-	-	-	-	-	-	8,382	-	-	-	-	29,322
Professional Tech Services	-	4,316	4,390	11,777	-	52,140	-	-	-	-	-	-	72,623
Other Purchased Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies and Materials	-	-	-	1,040	-	-	-	-	-	-	-	-	1,040
Student activities	-	-	-	-	-	-	-	-	-	-	-	16,522	16,522
Total support services	24,579	15,098	7,390	34,124	-	52,140	-	39,937	-	-	-	16,522	189,790
Total facilities acquisition and construction service	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	99,673	15,098	24,634	42,463	3,462	85,194	25,000	45,000	23,855	6,317	16,522	387,218	
Excess (Deficiency) of Revenues													
Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-	-	(222)	(222)
Fund balance at beginning of year	-	-	-	-	-	-	-	-	-	-	-	16,637	16,637
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,415	\$ 16,415

CAPITAL PROJECTS FUND

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

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

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the Charter School is that the costs of providing goods and services be financed through user charges. For the year ended June 30, 2023, the Charter School's food service program is administered by the West Orange Public Schools (School District).

FIDUCIARY FUNDS

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

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

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

At June 30, 2023, the Charter School do not have a Trust Fund nor Custodial Fund.

LONG-TERM DEBT

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

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)

LONG-TERM DEBT

SCHEDULE OF OBLIGATIONS UNDER LEASES

YEAR ENDED JUNE 30, 2023

Purpose	Date of Original Issue	Term of Lease	Amount of Original Lease		Interest Rate	Balance June 30, 2022	Issued	Retired	Balance June 30, 2023
			Principal	Interest					
Building Lease	7/1/2017	10 years	\$ 2,285,545	\$ 695,172	5.25%	\$ 1,400,231	\$ -	\$ (233,432)	\$ 1,166,799
Copier Lease	11/30/2021	5 years	33,837	3,783	4.25%	30,246	-	(6,361)	23,885
Total Liabilities			<u>\$ 2,319,382</u>	<u>\$ 698,955</u>		<u>\$ 1,430,477</u>	<u>\$ -</u>	<u>\$ (239,793)</u>	<u>\$ 1,190,684</u>

STATISTICAL SECTION (UNAUDITED)

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

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

INTRODUCTION TO THE STATISTICAL SECTION

<u>Contents</u>		<u>Page</u>
Financial Trends	These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	74
Revenue Capacity	These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	N/A
Debt Capacity	These schedules present information to help the reader assess the affordability of the district' s current levels of outstanding debt and the district's ability to issue additional debt in the future.	N/A
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	78
Operating Information	These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	80
Sources:	Unless otherwise noted, the information in these schedules are derived from the annual comprehensive financial reports (ACFR) for the relevant year.	

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

**NET POSITION BY COMPONENT
Last Ten Fiscal Years**

(Accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities										
Invested in capital assets, net of related debt	\$ (253,345)	\$ (257,816)	\$ -	\$ 425,387	\$ 450,086	\$ 474,785	\$ 499,482	\$ 524,179	\$ 555,175	\$ 583,179
Restricted	16,415	16,637	13,137	13,771	-	-	-	-	5,000	-
Unrestricted	<u>2,150,317</u>	<u>1,593,393</u>	<u>1,722,051</u>	<u>298,362</u>	<u>645,246</u>	<u>1,309,375</u>	<u>1,724,057</u>	<u>1,760,352</u>	<u>1,720,639</u>	<u>1,596,578</u>
Total governmental activities net position	<u>\$ 1,913,387</u>	<u>\$ 1,352,214</u>	<u>\$ 1,735,188</u>	<u>\$ 723,749</u>	<u>\$ 1,095,332</u>	<u>\$ 1,784,160</u>	<u>\$ 2,223,539</u>	<u>\$ 2,284,531</u>	<u>\$ 2,280,814</u>	<u>\$ 2,179,757</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	76	-	-
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School-wide										
Invested in capital assets, net of related debt	\$ (253,345)	\$ (257,816)	\$ -	\$ 425,387	\$ 450,086	\$ 474,785	\$ 499,482	\$ 524,179	\$ 555,175	\$ 583,179
Restricted	16,415	16,637	13,137	13,771	-	-	-	-	5,000	-
Unrestricted	<u>2,150,317</u>	<u>1,593,393</u>	<u>1,722,051</u>	<u>298,362</u>	<u>645,246</u>	<u>1,309,375</u>	<u>1,724,057</u>	<u>1,760,428</u>	<u>1,720,639</u>	<u>1,596,578</u>
Total charter school net position	<u>\$ 1,913,387</u>	<u>\$ 1,352,214</u>	<u>\$ 1,735,188</u>	<u>\$ 737,520</u>	<u>\$ 1,095,332</u>	<u>\$ 1,784,160</u>	<u>\$ 2,223,539</u>	<u>\$ 2,284,607</u>	<u>\$ 2,280,814</u>	<u>\$ 2,179,757</u>

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)

CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental activities										
Instruction	\$ 1,227,090	\$ 1,378,950	\$ 1,177,478	\$ 1,495,166	\$ 1,363,460	\$ 912,748	\$ 812,836	\$ 870,500	\$ 692,203	\$ 649,044
Administrative	295,504	343,979	406,529	648,266	570,881	654,946	471,125	375,015	447,806	373,186
Support Services	711,227	747,447	783,209	458,762	515,513	648,007	202,644	221,090	54,982	55,621
Unallocated										
Capital Outlay	2,700	14,396	-	-	-	83,462	-	-	-	239,852
Depreciation	235,322	232,503	4,116	24,699	24,699	24,697	24,697	30,996	16,787	16,787
Total governmental activities expenses	<u>2,471,843</u>	<u>2,717,275</u>	<u>2,371,332</u>	<u>2,626,893</u>	<u>2,474,553</u>	<u>2,323,860</u>	<u>1,511,302</u>	<u>1,497,601</u>	<u>1,211,778</u>	<u>1,334,490</u>
Total charter school expenses	<u>2,471,843</u>	<u>2,717,275</u>	<u>2,371,332</u>	<u>2,626,893</u>	<u>2,474,553</u>	<u>2,323,860</u>	<u>1,511,302</u>	<u>1,497,601</u>	<u>1,211,778</u>	<u>1,334,490</u>
Program Revenues										
Governmental activities:										
Charges for services:	16,300	4,355	3,260	-	-	-	-	-	-	-
Operating grants and contributions	867,063	611,449	570,063	485,198	528,834	421,486	4,345	327,867	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>883,363</u>	<u>615,804</u>	<u>573,323</u>	<u>485,198</u>	<u>528,834</u>	<u>421,486</u>	<u>4,345</u>	<u>327,867</u>	<u>-</u>	<u>-</u>
Total charter school program revenues	<u>883,363</u>	<u>615,804</u>	<u>573,323</u>	<u>485,198</u>	<u>528,834</u>	<u>421,486</u>	<u>4,345</u>	<u>327,943</u>	<u>-</u>	<u>-</u>
Net (Expense) Revenue										
Governmental activities	(1,588,480)	(2,101,471)	(1,798,009)	(2,141,695)	(1,945,719)	(1,902,374)	(1,506,957)	(1,169,734)	(1,211,778)	(1,334,490)
Business-type activities	-	-	-	-	-	-	(76)	76	-	-
Total charter school-wide net expense	<u>(1,588,480)</u>	<u>(2,101,471)</u>	<u>(1,798,009)</u>	<u>(2,141,695)</u>	<u>(1,945,719)</u>	<u>(1,902,374)</u>	<u>(1,507,033)</u>	<u>(1,169,658)</u>	<u>(1,211,778)</u>	<u>(1,334,490)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	1,390,341	1,379,822	1,416,775	1,340,763	974,413	948,530	162,653	832,152	1,066,313	866,386
Grants and contributions	727,403	578,547	490,579	421,663	282,132	232,546	1,281,758	337,895	230,630	352,683
Gain on sale of property	-	-	882,183	-	-	-	-	-	-	-
Miscellaneous income	31,909	2,017	6,140	7,686	346	281,919	1,554	3,404	15,892	1,037
Total governmental activities	<u>2,149,653</u>	<u>1,960,386</u>	<u>2,795,677</u>	<u>1,770,112</u>	<u>1,256,891</u>	<u>1,462,995</u>	<u>1,445,965</u>	<u>1,173,451</u>	<u>1,312,835</u>	<u>1,220,106</u>
Total charter school-wide	<u>2,149,653</u>	<u>1,960,386</u>	<u>2,795,677</u>	<u>1,770,112</u>	<u>1,256,891</u>	<u>1,462,995</u>	<u>1,445,965</u>	<u>1,173,451</u>	<u>1,312,835</u>	<u>1,220,106</u>
Changes in Net Position										
Governmental activities	561,173	(141,085)	997,668	(371,583)	(688,828)	(439,379)	(60,992)	3,717	101,057	(114,384)
Business-type activities	-	-	-	-	-	-	(76)	76	-	-
Total charter school	<u>\$ 561,173</u>	<u>\$ (141,085)</u>	<u>\$ 997,668</u>	<u>\$ (371,583)</u>	<u>\$ (688,828)</u>	<u>\$ (439,379)</u>	<u>\$ (61,068)</u>	<u>\$ 3,793</u>	<u>\$ 101,057</u>	<u>\$ (114,384)</u>

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

FUND BALANCES - GOVERNMENTAL FUND

Last Ten Fiscal Years

(Modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Assigned	\$ 85,873	\$ 75,230	\$ 35,681	\$ 13,566	\$ 15,170	\$ 21,644	\$ 6,000	\$ -	\$ 5,000	\$ -
Unassigned	<u>2,136,185</u>	<u>1,614,102</u>	<u>1,803,987</u>	<u>401,807</u>	<u>735,739</u>	<u>1,366,131</u>	<u>1,777,156</u>	<u>1,801,755</u>	<u>1,744,005</u>	<u>1,596,578</u>
Total general fund	<u>2,222,058</u>	<u>1,689,332</u>	<u>1,839,668</u>	<u>415,373</u>	<u>750,909</u>	<u>1,387,775</u>	<u>1,783,156</u>	<u>1,801,755</u>	<u>1,749,005</u>	<u>1,596,578</u>
All Other Governmental Funds										
Restricted, Student activity	<u>16,415</u>	<u>16,637</u>	<u>13,137</u>	<u>13,771</u>	-	-	-	-	-	-
Total governmental funds	<u>\$ 2,238,473</u>	<u>\$ 1,705,969</u>	<u>\$ 1,852,805</u>	<u>\$ 429,144</u>	<u>\$ 750,909</u>	<u>\$ 1,387,775</u>	<u>\$ 1,783,156</u>	<u>\$ 1,801,755</u>	<u>\$ 1,749,005</u>	<u>\$ 1,596,578</u>

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)

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

Function	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Local Sources:										
Local tax levy (local and state share)	\$ 1,390,341	1,379,822	1,416,775	\$ 1,340,763	\$ 974,413	\$ 948,530	\$ 817,182	\$ 1,157,853	\$ 1,066,313	\$ 866,386
Other Local Proceeds from Sale of Property	-	-	1,303,454	-	-	-	-	-	-	-
Miscellaneous	48,209	6,372	9,400	7,686	346	281,919	1,554	3,404	15,892	1,037
State sources	1,176,960	1,058,484	729,989	657,941	505,758	431,256	533,776	148,561	201,927	330,310
Federal sources	370,696	115,795	73,819	72,222	68,718	59,800	97,798	47,171	28,703	22,373
Total Revenues	<u>2,986,206</u>	<u>2,560,473</u>	<u>3,533,437</u>	<u>2,078,612</u>	<u>1,549,235</u>	<u>1,721,505</u>	<u>1,450,310</u>	<u>1,356,989</u>	<u>1,312,835</u>	<u>1,220,106</u>
Current expense										
Instruction	792,834	837,370	768,889	1,026,584	820,542	670,180	615,293	587,347	540,159	541,024
Administrative cost	203,590	245,021	314,569	716,239	654,621	743,288	677,757	397,179	525,953	464,640
Support services	696,086	847,960	786,908	435,147	487,212	619,956	175,859	183,346	94,296	55,621
Capital outlay	2,700	14,396	-	-	-	83,462	-	-	-	239,852
TPAF - FICA Reimbursement	68,650	75,457	51,300	64,645	56,989	-	-	47,689	-	-
TPAF - On-behalf payments	380,907	390,084	188,110	171,633	166,637	-	-	88,678	-	-
Total Expenditures	<u>2,144,767</u>	<u>2,410,288</u>	<u>2,109,776</u>	<u>2,414,248</u>	<u>2,186,001</u>	<u>2,116,886</u>	<u>1,468,909</u>	<u>1,304,239</u>	<u>1,160,408</u>	<u>1,301,137</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>841,439</u>	<u>150,185</u>	<u>1,423,661</u>	<u>(335,636)</u>	<u>(636,766)</u>	<u>(395,381)</u>	<u>(18,599)</u>	<u>52,750</u>	<u>152,427</u>	<u>(81,031)</u>
Other financing sources(uses):										
Principal payments on leases	(239,793)	(216,576)	-	-	-	-	-	-	-	-
Interest payments on leases	(69,142)	(80,445)	-	-	-	-	-	-	-	-
Total other financing sources/(uses)	<u>(308,935)</u>	<u>(297,021)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 532,504</u>	<u>\$ (146,836)</u>	<u>\$ 1,423,661</u>	<u>\$ (335,636)</u>	<u>\$ (636,766)</u>	<u>\$ (395,381)</u>	<u>\$ (18,599)</u>	<u>\$ 52,750</u>	<u>\$ 152,427</u>	<u>\$ (81,031)</u>

Source: Charter School's records.

Note: Noncapital expenditures are total expenditures less capital outlay.

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

**DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years**

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2023	**	**	**	**
2022	88,709	**	**	3.80%
2021	89,367	\$ 5,322,609,153	\$ 59,559	7.10%
2020	85,025	4,742,269,375	55,775	11.20%
2019	85,115	4,436,959,835	52,129	3.50%
2018	85,314	4,271,757,294	50,071	4.20%
2017	85,327	4,113,102,708	48,204	4.70%
2016	85,229	4,067,639,254	47,726	5.80%
2015	85,287	4,017,870,570	47,110	5.80%
2014	85,190	3,898,720,350	45,765	6.90%

** Data not available

Source:

^a Population information provided by U.S. Census Bureau, Population Division.

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

^c Per capita personal income was computed using Census Bureau midyear population estimates. All dollar estimates are in thousands of current dollars (not adjusted for inflation). Estimates for 2011-2020 reflect county population estimates available as of March 2021.

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

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	2023		2014	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

Information not available

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)

FULL-TIME EQUIVALENT CHARTER SCHOOL EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)

<u>Function/Program</u>	<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>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Instruction	13	13	13	14	14	11	11	11	10	10
Administrative	3	2	2	3	2	2	2	3	3	3
Support Services	<u>3</u>	<u>2</u>	<u>1</u>	<u>3</u>	<u>3</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>3</u>
Total	<u>19</u>	<u>17</u>	<u>16</u>	<u>20</u>	<u>19</u>	<u>15</u>	<u>15</u>	<u>16</u>	<u>16</u>	<u>16</u>

Source: Charter School's personnel records

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)

OPERATING STATISTICS

Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio Middle School</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2023	161	\$ 2,066,484	\$ 12,835	-13.81%	13	12.38:1	161.7	156.6	-5.88%	96.85%
2022	173	2,576,263	14,892	-15.05%	13	13.31:1	171.8	166.3	-4.56%	96.78%
2021	180	2,032,063	11,289	-35.60%	13	13.85:1	180.0	156.6	8.11%	87.01%
2020	167	2,342,026	14,024	10.75%	13	12.85:1	166.5	161.5	41.22%	97.00%
2019	118	2,117,283	17,943	65.58%	14	8.43:1	117.9	114.4	8.87%	97.00%
2018	116	2,033,424	17,530	38.43%	11	10.73:1	108.3	116.3	-8.15%	107.42%
2017	116	1,468,909	12,663	16.85%	11	10.73:1	117.9	114.4	0.86%	97.03%
2016	116	1,257,068	10,837	11.08%	11	10.55:1	116.9	113.4	0.78%	97.00%
2015	116	1,131,705	9,756	7.99%	10	11.60:1	116.0	112.5	0.87%	97.00%
2014	115	1,038,912	9,034	7.33%	10	11.50:1	115.0	111.6	-1.71%	97.00%

Source: Charter School's Records

Note: Enrollment based on annual October Charter School count.

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

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

^c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

**SCHOOL BUILDING INFORMATION
Last Ten Fiscal Years**

	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Charter School Building</u>										
Square Feet	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Capacity (students)	180	180	180	180	180	120	120	120	120	120
Enrollment	161	173	180	167	118	116	116	116	116	115
Number of Schools at June 30										
Middle School = 1	1	1	1	1	1	1	1	1	1	1

Source: Charter School's records

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

INSURANCE SCHEDULE

June 30, 2023
(Unaudited)

	Coverage	Deductible
PACKAGE POLICY		
Property ^a		
Business Personal Property	\$ 742,630	
Improvements & Betterments	1,000,000	\$ 1,000
Extra Expense - NJSIG Limit	50,000,000	1,000
Valuable Papers and Records - NJSIG Limit	10,000,000	1,000
Loss of Business Income/Tuition	2,000,000	
Flood Zones A & V (Special Hazard)	25,000,000	500,000
All Flood Zones	75,000,000	10,000
Terrorism per occurrence/NJSIG Annual Aggregate	1,000,000	
EDP ^a		
Blanket Hardware/Software	Included in prop blanket	1,000
Computer Virus - Limit	250,000	1,000
Computer Virus - Shared Limit/NJSIG Annual Aggregate	10,000,000	1,000
Equipment Breakdown ^a :		
Property Damage and Business Income	1,742,630	25,000
Crime ^a		
Public Employee Dishonesty	250,000	1,000
Forgery or Alteration	50,000	500
Loss of Money & Securities	50,000	500
Money Orders & Counterfeit Paper	50,000	500
Computer Fraud	250,000	1,000
General Liability ^a		
Each Occurrence	31,000,000	
Products/Completed Ops annual agg	31,000,000	
Sexual Abuse - per Occurrence	15,000,000	
Sexual Abuse - per member annual agg	15,000,000	
Sexual Abuse - Annual NJSIG Aggregate	27,000,000	
Personal & Advertising Injury per occurrence	31,000,000	
Personal & Advertising Injury Annual Aggregate	31,000,000	
Employee Benefits Liability per occurrence	31,000,000	1,000
Employee Benefits Liability Annual Aggregate	31,000,000	1,000
Premises Medical Payments - per Accident	10,000	
Premises Medical Payments - per Person	5,000	
Communicable Disease Outbreak - per Occurrence	1,000,000	
Communicable Disease Outbreak - Annual NJSIG Aggregate - shared among GL, AL, and SBL/E&O Coverages	9,000,000	
Terrorism per occurrence/NJSIG annual aggregate	1,000,000	
Business Auto ^a		
Automobile Liability - Hired & Non Owned	31,000,000	
Communicable Disease Outbreak - per Occurrence	1,000,000	
Communicable Disease Outbreak - Annual NJSIG Aggregate - shared among GL, AL, and SBL/E&O Coverages	9,000,000	
ENVIRONMENTAL IMPAIRMENT ^b		
Third Party Claims - each incident	1,000,000	50,000
First Party Remediation Expenses - each incident	1,000,000	50,000
Emergency Response Expenses - each incident	1,000,000	50,000
Coverage Aggregate	11,000,000	
Business Interruption - coverage aggregate / 365 Days Limit	1,000,000	3 Days
Disinfection Event Expenses - each incident	250,000	100,000
Aggregate per Named Insured	2,000,000	
CYBER BREACH RESPONSE ^c		
Policy Aggregate of Liability	10,000,000	
Breach Response Costs - per Named Insured	2,000,000	
Agg. Sublimit Per Scheduled Insured	2,000,000	
First Party Loss		
Business Interruption Loss - Sec. Breach - per Named Insured	500,000	
Business Interruption Loss - Sys. Failure - per Named Insured	500,000	
Dependent Business Loss - Sec. Breach - per Named Insured	100,000	
Dependent Business Loss - Sys. Failure - per Named Insured	100,000	
Cyber Extortion Loss - per Named Insured	500,000	
Data Recovery Costs - per Named Insured	500,000	
Liability		
Data & Network Liability - per Named Insured	2,000,000	
Regulatory Defense & Penalties - per Named Insured	2,000,000	
Payment Card Liabilities & Costs - per Named Insured	2,000,000	
Media Liability - per Named Insured	2,000,000	
eCrime		

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

INSURANCE SCHEDULE

**June 30, 2023
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Fraudulent Instruction - per Named Insured	100,000	
Funds Transfer Fraud - per Named Insured	10,000	
Telephone Fraud - per Named Insured	100,000	
Criminal Reward - per Named Insured	50,000	
Computer Hardware Replacement Cost - per Named Insured	100,000	
CryptoJacking - per Named Insured	100,000	
Invoice Manipulation - per Named Insured	100,000	
Reputation Loss - per Named Insured	250,000	
Each Incident, Claim, or Loss Retention Policy Retention	500,000	
Standard Deductible - per Claim		250,000
Reduced Deductible - for Members that meet Cyber Security Controls Criteria at the time of a Claim		
Small/Medium Member (rev < \$100M)		25,000
Large Member (revenues \$100M+)		50,000
ERRORS AND OMISSIONS LIABILITY ^a		
Coverage A:		
Limit each policy period	31,000,000	5,000
Coverage B:		
Limit each claim	100,000	5,000
Limit each policy period	300,000	
Communicable Disease Outbreak - per claim	1,000,000	
Communicable Disease Outbreak - Annual NJSIG Aggregate - shared among GL, AL, and SBLL/E&O Coverages	9,000,000	
WORKER'S COMPENSATION ^a		
ERIC West Discount: 0.5570		
Workers' Compensation Limits	Statutory	
Employers' Liability Limits - Bodily Injury by Accident	3,000,000	
Employers' Liability Limits - Bodily Injury by Disease - Each Employee	3,000,000	
Employers' Liability Limits - Bodily Injury by Disease - Aggregate Limit	3,000,000	
SUPPLEMENTAL INDEMNITY ^d		
Maximum Weekly Benefit	2,500	
Maximum Benefit Period	52 weeks	
Elimination Period	7 days	
Aggregate per Accident	100,000	
CAP EXCESS LIABILITY ^e		
Excess Liability	25,000,000	
Excess Liability - Aggregate Liability	25,000,000	
STUDENT ACCIDENT ^f		
Maximum Benefit		
All Students including Athletics	6,000,000	
Football Excluded		
Catastrophe Cash Benefit	1,000,000	
Volunteers	50,000	
Non-Enrolled Campers	50,000	
PUBLIC OFFICIAL BONDS		
Assistant School Business Administrator	165,000	

Source: Charter School's Records

^a New Jersey Schools Insurance Group

^b Ironshore Specialty Insurance Co

^c Beazley Group

^d Federal Insurance Company (Chubb Group of Insurance Companies)

^e Fireman's Fund Insurance Company (Allianz SE)

^f Zurich American Insurance Company

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)

CHARTER SCHOOL PERFORMANCE FRAMEWORK
FINANCIAL PERFORMANCE
FISCAL RATIOS

Multi-Year Information
(Unaudited)

	2021 Audit	2022 Audit	2023 Audit	Source
Cash	\$ 1,619,005	\$ 1,342,545	\$ 2,052,521	Audit: Exhibit A-1
Current Assets	1,982,125	1,890,037	2,479,708	Audit: Exhibit A-1
Current Liabilities	129,320	184,068	241,235	Audit: Exhibit A-1
Total Expenses	2,371,332	2,717,275	2,471,843	Audit: Exhibit A-2
Change in Net Position	997,668	(141,085)	561,173	Audit: Exhibit A-2
Final Average Daily Enrollment	180	173	161	DOE Final Enrollment Report
March 30 Budgeted Enrollment	170	170	175	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/note/bond payable:</i>				
Depreciation and Amortization Expense	-	-	-	Auditor/Workpapers
Interest Expense	-	-	-	Auditor/Workpapers
Principal Payments	-	-	-	Auditor/Workpapers
Interest Payments	-	-	-	Auditor/Workpapers

Performance Indicators	2021	2022	2023	3 YR CUM	Calculation****	Target****
Near Term Indicators						
1a. Current Ratio (working capital ratio)	15.33	10.27	10.28		Current Assets/Current Liabilities	> 1.1 or between 1.0-1.1 with positive trend
1b. Unrestricted days cash on hand	249.20	180.34	303.08		Cash/(Total Expenses/365)	60 days or 30-60 days with positive trend
1c. Enrollment Variance	106%	102%	92%	165%	Average Daily Enrollment/Budgeted Enrollment	>95% or >95% for 3 yr cum
1d. Default	NO	NO	NO		Auditor	not in default
Sustainability Indicators						
2a. 3 Year Cumulative Cash Flow	1,412,017	(276,460)	1,135,557	1,256,604	Net change in cash flow from prior years	3 yr cum positive with most recent year positive
2b. Debt Service Coverage Ratio	N/A	N/A	N/A		N/A or (Change in Net Position + depreciation + interest expense) / (principal + interest payments)	>1.10

Meets Standard
Does Not Meet Standard
Falls Far Below Standard

SINGLE AUDIT SECTION



EXHIBIT K-1

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

The Honorable President and
Members of the Board of Trustees
Classical Academy Charter School of Clifton
County of Passaic
Clifton, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Classical Academy Charter School of Clifton (the Charter School), in the County of Passaic, 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 January 30, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter School's internal control over financial reporting (internal control) 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 Charter School's internal control.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material 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 Charter School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no 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.

However, we noted certain matters that we have reported to the Board of Trustees of Classical Academy Charter School of Clifton in the County of Passaic, New Jersey in a separate *Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance*, dated January 30, 2024.

Purpose of this Report

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



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



Galleros Robinson CPAs, LLP
Certified Public Accountants

January 30, 2024
Cream Ridge, New Jersey



EXHIBIT K-2

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

The Honorable President and
Members of the Board of Trustees
Classical Academy Charter School of Clifton
Passaic County, New Jersey

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Classical Academy Charter School of Clifton's (the Charter School) in the County of Passaic, State of New Jersey compliance with the types of compliance requirements described in the New Jersey State Aid Grant Compliance Supplement that could have a direct and material effect on each of the Charter School's major state program for the fiscal year ended June 30, 2023. The Charter School's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Classical Academy Charter School of Clifton in the County of Passaic, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state program for the fiscal year ended June 30, 2023.

Basis of Opinion on Each Major State Program

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

We are required to be independent of the Charter School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Charter School's compliance with the compliance requirements referred to above.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statute, regulations, rules and provisions of contracts or grant agreements applicable to its state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Charter School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards* and the New Jersey OMB Circular Letter 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Charter School's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and the New Jersey OMB Circular Letter 15-08, we:

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

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

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

Report on Internal Control Over Compliance


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

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

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

Purpose of this Report

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



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



Galleros Robinson CPAs, LLP
Certified Public Accountants

January 30, 2024
Cream Ridge, New Jersey

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

Federal Grant/ Pass-Through Grantor/ Program Title	Assistance Listing No.	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2022	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2023		
					From	To						(Accounts Receivable)	Deferred Revenue	Due to Grantor
Special Revenue Fund:														
U.S. Federal Communications Commission (FCC) Passed-through Universal Service Administrative Co.														
Emergency Connectivity Fund Program	32.009	ECOECF219002309011	N/A	\$ 14,343	N/A	N/A	\$ (14,343)	\$ -	\$ 14,343	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Department of Education: Passed-through New Jersey State Department Education														
Title I Part A Grants to Local Educational Agencies	84.010	S010A210030	ESEA - 6230 - 23	75,858	7/1/2022	9/30/2023	-	-	23,219	(26,858)	-	(3,639)	-	-
Title I Part A Grants to Local Educational Agencies	84.010	S010A200030	ESEA - 6230 - 22	72,815	7/1/2021	9/30/2022	-	-	72,815	(72,815)	-	-	-	-
Subtotal Title I Part A							-	-	96,034	(99,673)	-	(3,639)	-	-
Special Education Cluster														
Individuals with Disabilities - States Grant	84.027	H027A210100	IDEA - 6230 - 23	47,144	7/1/2022	9/30/2023	-	-	22,951	(39,555)	-	(16,604)	-	-
Individuals with Disabilities - States Grant	84.027	H027A200100	IDEA - 6230 - 22	45,794	7/1/2021	9/30/2022	-	-	2,908	(2,908)	-	-	-	-
Subtotal Special Education Cluster							-	-	25,859	(42,463)	-	(16,604)	-	-
Improving Teacher Quality State Grants (Title II Part A) SEA														
Improving Teacher Quality State Grants (Title II Part A) SEA	84.367	S367A210029	ESEA - 6230 - 23	18,177	7/1/2022	9/30/2023	-	-	-	(5,968)	-	(5,968)	-	-
Improving Teacher Quality State Grants (Title II Part A) SEA	84.367	S367A200029	ESEA - 6230 - 22	9,130	7/1/2021	9/30/2022	-	-	9,130	(9,130)	-	-	-	-
Subtotal Title II Part A							-	-	9,130	(15,098)	-	(5,968)	-	-
Title IV Student Support and Academic Enrichment (ESSA)														
Title IV Student Support and Academic Enrichment (ESSA)	84.424	S424A210031	ESEA - 6230 - 23	10,000	7/1/2022	9/30/2023	-	-	-	(10,000)	-	(10,000)	-	-
Title IV Student Support and Academic Enrichment (ESSA)	84.424	S424A200031	ESEA - 6230 - 22	14,634	7/1/2021	9/30/2022	-	-	14,634	(14,634)	-	-	-	-
Subtotal Title IV							-	-	14,634	(24,634)	-	(10,000)	-	-
COVID 19 - Education Stabilization Fund														
COVID 19 - CARES Act Emergency Relief Grant	84.425D	S425D200027	N/A	30,460	3/13/2020	9/30/2022	(5,656)	-	9,118	(3,462)	-	-	-	-
COVID 19 - CRRSA Elementary and Secondary School Emergency Relief Fund (ESSER) II	84.425D	S425D210027	N/A	138,630	3/13/2020	9/30/2023	(253)	-	85,447	(85,194)	-	-	-	-
COVID 19 - CRRSA Act - Learning Acceleration	84.425D	S425D210027	N/A	25,000	7/1/2022	9/30/2023	-	-	19,167	(25,000)	-	(5,833)	-	-
COVID 19 - CRRSA Act - Mental Health	84.425D	S425D210027	N/A	45,000	7/1/2022	9/30/2023	-	-	16,013	(45,000)	-	(28,987)	-	-
COVID 19 - ARP ESSER Subgrant Evidence-Based Summer Learning and Enrichment Activities Grant	84.425U	S425U210027	N/A	23,855	3/13/2020	9/30/2024	-	-	23,855	(23,855)	-	-	-	-
COVID 19 - ARP ESSER Subgrant - Evidence-Based Comprehensive Beyond the School Day Activities Grant	84.425U	S425U210027	N/A	6,317	3/13/2020	9/30/2024	-	-	6,317	(6,317)	-	-	-	-
Subtotal COVID 19 - Education Stabilization Fund							(5,909)	-	159,917	(188,828)	-	(34,820)	-	-
Total U.S. Department of Education														
							(5,909)	-	305,574	(370,696)	-	(71,031)	-	-
Total Expenditures of Federal Awards							\$ (20,252)	\$ -	\$ 319,917	\$ (370,696)	\$ -	\$ (71,031)	\$ -	\$ -

SCHEDULE OF STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Balance at June 30, 2022				Cash Received	Budgetary Expenditures Pass-through Funds	Adjustments Repayment Prior Year's Balances	Balance at June 30, 2023			MEMO	
			Award Amount	Intergovernmental (Accounts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount				Intergovernmental (Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditure
New Jersey State Department of Education														
General Fund:														
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	\$ 667,414	\$ -	\$ -	\$ -	\$ 507,395	\$ (667,414)	\$ -	\$ (160,019)	\$ -	\$ -	\$ 160,019	\$ 667,414
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	529,174	(360,743)	10,477	-	360,743	-	(10,477)	-	-	-	-	-
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	410,944	-	12,581	-	-	-	-	-	12,581	-	-	-
Special Education Categorical Aid	23-495-034-5120-089	7/1/22-6/30/23	26,977	-	-	-	26,977	(26,977)	-	-	-	-	-	26,977
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	33,012	-	-	-	33,012	(33,012)	-	-	-	-	-	33,012
Reimbursed Social Security Tax	23-495-034-5094-003	7/1/22-6/30/23	68,650	-	-	-	35,479	(68,650)	-	(33,171)	-	-	33,171	68,650
Reimbursed Social Security Tax On-Behalf Teachers'	22-495-034-5094-003	7/1/21-6/30/22	75,457	(3,531)	-	-	3,531	-	-	-	-	-	-	-
Pension and Annuity Fund On Behalf-Teachers'	23-495-034-5094-002	7/1/22-6/30/23	301,466	-	-	-	301,466	(301,466)	-	-	-	-	-	301,466
Post Retirement Medical On-Behalf- Teachers' Pension and Annuity Fund – Non-contributory Insurance	23-495-034-5094-001	7/1/22-6/30/23	79,194	-	-	-	79,194	(79,194)	-	-	-	-	-	79,194
Insurance	23-495-034-5094-004	7/1/22-6/30/23	247	-	-	-	247	(247)	-	-	-	-	-	247
Total General Fund				<u>(364,274)</u>	<u>23,058</u>	<u>-</u>	<u>1,348,044</u>	<u>(1,176,960)</u>	<u>(10,477)</u>	<u>(193,190)</u>	<u>-</u>	<u>12,581</u>	<u>193,190</u>	<u>1,176,960</u>
Total Expenditures of State Financial Assistance				<u>\$ (364,274)</u>	<u>\$ 23,058</u>	<u>\$ -</u>	<u>\$ 1,348,044</u>	<u>\$ (1,176,960)</u>	<u>\$ (10,477)</u>	<u>\$ (193,190)</u>	<u>\$ -</u>	<u>\$ 12,581</u>	<u>\$ 193,190</u>	<u>\$ 1,176,960</u>
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf Teachers' Pension and Annuity Fund	23-495-034-5094-002							301,466						
Post Retirement Medical On-Behalf- Teachers' Pension and Annuity Fund – Non-contributory Insurance	23-495-034-5094-001							79,194						
								247						
								380,907						
Total for State Financial Assistance-Major Program Determination								<u>\$ (796,053)</u>						

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)****NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE****FISCAL YEAR ENDED JUNE 30, 2023****NOTE 1 GENERAL**

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

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

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS - CONTINUED

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 796,053	\$ 796,053
Special Revenue Fund	370,696	-	370,696
Total	<u>\$ 370,696</u>	<u>\$ 796,053</u>	<u>\$ 1,166,749</u>

NOTE 4 RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5 ON-BEHALF PAYMENTS

TPAF Social Security Contributions represents reimbursements in the amount of \$68,650 by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2023. The State had also made on-behalf TPAF payments for pension contributions, post-retirement medical benefits and long-term disability insurance contributions totaling \$380,907.

NOTE 6 SCHOOLWIDE PROGRAM FUNDS

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

Title I, Part A: Grants to Local Education Agencies	\$ 99,673
Title II, Part A: Teacher and Principal Training and Recruiting	15,098
Title IV - Student Support and Academic Enrichment (ESSA)	<u>24,634</u>
Total	<u>\$ 139,405</u>

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

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

NOTE 7 ON BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

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

NOTE 8 DE MINIMIS INDIRECT COST

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

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? Yes ✓ None reported

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

Noncompliance material to financial statements noted? Yes ✓ No

Federal Awards (Not Applicable)

Dollar threshold used to determine Type A and B programs: N/A

Internal control over compliance on major programs:
 Material weakness(es) identified? Yes No

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

Type of auditor's report on compliance for major programs: N/A

Auditee qualified as low-risk auditee? Yes No

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

Identification of Major Programs:

Assistance Listing No.	Name of Federal Program
------------------------	-------------------------

No major programs identified.

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

SECTION II - FINANCIAL STATEMENT FINDINGS - CONTINUED

Internal control over financial reporting

None.

Compliance and Other Matters

None.

SECTION III FEDERAL AWARDS

Not Applicable.

SECTION IV STATE FINANCIAL ASSISTANCE

None.

**CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
(COUNTY OF PASSAIC, NEW JERSEY)**

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

JUNE 30, 2023

There was no prior year audit finding.