

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

***ANNUAL COMPREHENSIVE
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2023

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
OF THE
PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
PATERSON, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

**And
Barre & Company LLC CPAs**

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INTRODUCTORY SECTION



December 5, 2023

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

Dear Board Members and Constituents:

The Annual Comprehensive Financial Report of the Paterson Charter School for Science and Technology (the "Charter School") for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

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

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



PCSST Executive Summary 2023

The Paterson Charter School for Science and Technology (PCSST) has been the longest-serving charter school in the city of Paterson for over 20 years. It was established by concerned parents and individuals in the early 2000s to provide a science and technology-focused education to students in Paterson, New Jersey. The school's founding board was granted its initial charter in 2001, but the school's opening was delayed due to facility issues. In September 2003, PCSST finally opened its doors to 178 students in grades 6, 7, and 9 at its first location on Mill Street. However, during its first two years of operation, this old and narrow four-story 11,000 square-foot facility posed space constraints that prevented the school from offering students a gym or lunchroom and allowed little opportunity for expansion.

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

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

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

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

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

In 2014, PCSST students began to receive Ivy League College acceptances, starting with Cornell University, and this trend continued into 2015, with an acceptance and full scholarship to Princeton University. Subsequently, PCSST received its **third renewal** and was granted an expansion in 2017 to serve an additional 516 students over the following five years. This expansion necessitated the relocation of the kindergarten and first grade to the school's third



campus, which is situated on Main Street in downtown Paterson, and is housed in a 30,000-square-foot building that opened in September 2017.

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

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

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

Athletics program

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

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

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

JROTC Program

The PCSST established its JROTC program in 2010, which has played a significant role in the school's success ever since. The Lion Battalion proudly participates in the Columbus Day Parade in Manhattan each year. In 2017, the PCSST JROTC Female Raiders team won the 2nd Brigade Championship, while in 2018, the PCSST JROTC Advanced team won the 2nd Brigade Academic Bowl. In 2019, the PCSST JROTC Battalion Commander from the Class of



2019 was accepted and enrolled in West Point Military Academy, marking the school's first-ever acceptance to this prestigious institution. Furthermore, the PCSST JROTC program received its fourth consecutive Honor of Distinction award during the 2022-23 academic year, affirming the quality of the program.

Enrollment WaitList

Since its inception, PCSST has enjoyed robust and enthusiastic backing from parents, students, and the broader Paterson community. The exceptional demand for enrollment has led to PCSST consistently waitlisting over 1200 students each academic year. Annually, Paterson Charter School for Science and Technology receives an overwhelming more than 300 applications for the 144 available Kindergarten seats, underscoring the community's strong interest and support.

1. REPORTING ENTITY AND ITS SERVICES: Paterson Charter School for Science and Technology is an independent reporting entity within the criteria adopted by the Government Auditing Standards Board (GASB) as established by Statement No. 14, as amended. All funds of the Charter School are included in this report. Paterson Charter School for Science and Technology Board of Trustees constitutes the Charter School's reporting entity. Paterson Charter School for Science and Technology provides a full range of educational services appropriate to Grades K – 12. These services include regular, as well as special education and basic skills instruction. The Charter School completed the 2022-2023 school year with an enrollment of 1,628 students. The following details the changes in the student enrollment of the Charter School over the last five years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2022-2023	1614.80	7.58%
2021-2022	1492.40	-2.76%
2020-2021	1533.60	3.04%
2019-2020	1487.00	3.56%
2018-2019	1434.00	3.33%

2. ECONOMIC CONDITION AND OUTLOOK: As one of the largest cities in New Jersey, Paterson continues to witness significant growth in industry and business. The educational landscape of Paterson is on a continuous upward trajectory, with a steady increase in the education budget, particularly noteworthy as it operates as an Abbott district. This points towards a positive economic condition and a promising outlook for the city.



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

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

Research indicates students perform better when they have a healthy breakfast. The school day begins with a morning breakfast program to start the students' day on a healthy note. A greater number of students participated in both breakfast and lunch programs throughout the four campuses. Although the free/reduced meal eligibility rate is 89%, all students have access to free meals through the CEP (Community Eligibility Provision) program.

Special Education Services at PCSST

PCSST has a special education program in place for all students who are identified as eligible through child study team evaluations. IEPs are developed for each student who is eligible for special education and related services. To accomplish this, PCSST has a full-time Child Study Team as well as contracted service providers from The Northern Region Educational Service Commission. This ensures that initial evaluations are conducted in a timely manner for all students who are referred for special education services and that students who become eligible may receive appropriate services.

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



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

Related services such as speech/language, occupational therapy, physical therapy, behavior intervention, and individual or group counseling are also available for students based on their identified needs in the IEP.

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

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

Services for English Language Learners (ELLs)

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

Education Program

Academic Performance

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

The school embeds character education in the curriculum and has an advisory program that helps foster relationships between students and staff while promoting college and career readiness. The Army JROTC program builds student discipline, integrity, and service. PCSST



also offers a full extracurricular program including 11 interscholastic sports and a variety of clubs and competition teams.

PCSST offers support to students at all grade levels. The elementary and middle school campuses have Reading Specialists to assist primary-grade students through a reading recovery program. They also provide ongoing literacy PDs to teachers at all grade levels to ensure proper implementation of all components of the balanced literacy approach. Both the elementary and high schools utilize Title I funds to support a Basic Skills program that allows for in-class support for struggling and at-risk students in any grade level. Any student failing a subject or assessment or not yet meeting a required standard for their grade level has the opportunity to work with their teacher to improve their grade and help them master the skills necessary for success during after-school tutoring or intervention programs. Saturday programs focus on developing math and language arts skills to prepare students for standardized testing. Special Education students are taught in the least restrictive environment where PCSST students predominantly follow the in-class support model to ensure that all students receive the same curriculum regardless of disabilities.

Key design elements implemented at PCSST are apparent in the integration of technology, the focus on science, and the use of best practices in data collection and PLC meetings. Every classroom is equipped with a SmartBoard to allow for interactive use of the technology during every lesson. Every process is enhanced with the use of technology, particularly in communication with parents, students, and staff. Google Tools are used extensively by the staff to share documents and resources. All grades in K-12 are now in a one-to-one device environment allowing for the electronic distribution and collection of assignments. Assessment can also be conducted in an electronic environment. In addition to teacher-made assessments, PCSST also uses another technology-based benchmark assessment called MAP for measuring achievement and growth. MAP assessments have been used by the district since the 2021-22 school year.

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

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



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

The educational program focuses in the elementary grades on the development and building of foundational skills in math, science, reading, writing, and all other content areas. PCSST Elementary utilizes a balanced literacy approach in grades K-3. Read aloud, shared reading, interactive reading, independent reading, writing workshop, and word study are combined with learning centers and guided reading and writing in all Language Arts classes across all grades in K-5. In math and science, students experience hands-on learning through manipulatives, project-based, and inquiry-based approaches that help them extend and apply their mathematical and science learning in various authentic ways. Graduation requirements exceed those set by the state with extra Science and Math courses required of PCSST students. A total of 138.5 credits is required for graduation.

PCSST curriculum has been aligned to the New Jersey Student Learning Standards (NJSLs) for all subjects. Teachers and administrators have been working collaboratively during PLCs to update the curriculum and create common assessments. During the 2020-21 school year, the district implemented Atals across the district as a place to house our curriculum. Additionally, curricular revisions were made in all content areas during PLCs to address standards that have been modified or adopted or to place more emphasis on skills that students need the most. Cross-grade (K-12) vertical articulation meetings have taken place to discuss vertical alignment of knowledge and skills that need more focus across all grades.

PCSST uses a variety of assessment data to identify gaps in the attainment of the standards. NJSLA assessment data show how well our students meet the knowledge and skills expected of them at their grade level and it also provides information to teachers regarding where students need help and where they excel so that teachers can differentiate instruction to meet their needs. MAP assessments and teacher-created assessments have also been used as routine benchmark tests to track the progress of students toward achievement of the standards. These data are used to adjust the curriculum and instructional program to address gaps. The district has fully shifted to a Standards Based Grading system which clearly identifies the standards assessed in each grade level and tracks the implementation of standards in all content areas.

Analyzing state assessment data reveals growth in various grade levels over the years. In the 2021-22 vs 2022-23 school year, ELA cohorts in grades 4, 5, and 6 exhibited improvement, while Math cohorts in grades 5, 6, and 7 demonstrated positive trends. Grade level achievement growth was observed in ELA for grades 4 and 6, and in Math for grades 3, 4, 5, 6, and 7. The adoption of standards-based grading in K-12 and a school-wide math program contributed to student readiness for state assessments. District-wide MAP testing facilitated



enhanced progress tracking and timely interventions, supported by math and ELA coaches. Summer, after-school, and Saturday programs ensured students met standards, promoting overall growth district-wide.

An extended school year program has been implemented for special education and ELL students. Summer enrichment programs have also been implemented to ensure that all students are working on grade level.

All students can participate in all academic or extracurricular programs regardless of classification or status. These include a variety of field trip opportunities for cultural enrichment or participation in the World is Our Classroom program with destinations such as England, Ireland, Italy & Greece, Costa Rica, China, and Japan. The College Coaching Program offers opportunities for students to visit college campuses and be exposed to the climate and culture of higher education. Each grade level or department uses field trips to provide students with cultural or content-related experiences.

PCSST continued its acceptance tradition into distinguished universities including West Point, Cornell, and Princeton University.

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

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

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

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



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

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

7. OTHER INFORMATION:

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

8. ANTI-BULLYING: On January 5, 2011, Governor Chris Christie signed into law P.L. 2010, Chapter 122, known as the Anti-Bullying Bill of Rights. The Anti-Bullying Bill of Rights Act (“Act”) requires initial and on-going training for all staff members. Anti-Bullying Specialists, Anti-Bullying Coordinators, administrative staff and Board members. N.J.S.A. 18A:37-22(d) requires every teacher to complete at least two hours of instruction on harassment, intimidation and bullying prevention in each professional development period. PCSST has hired a district level HIB coordinator on September 1, 2011. Building level HIB specialists are also assigned per building received adequate training. In 2022-2023, training was provided for harassment, intimidation and bullying prevention to comply with the training requirements of the Act.



Central Office

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

Respectfully submitted,



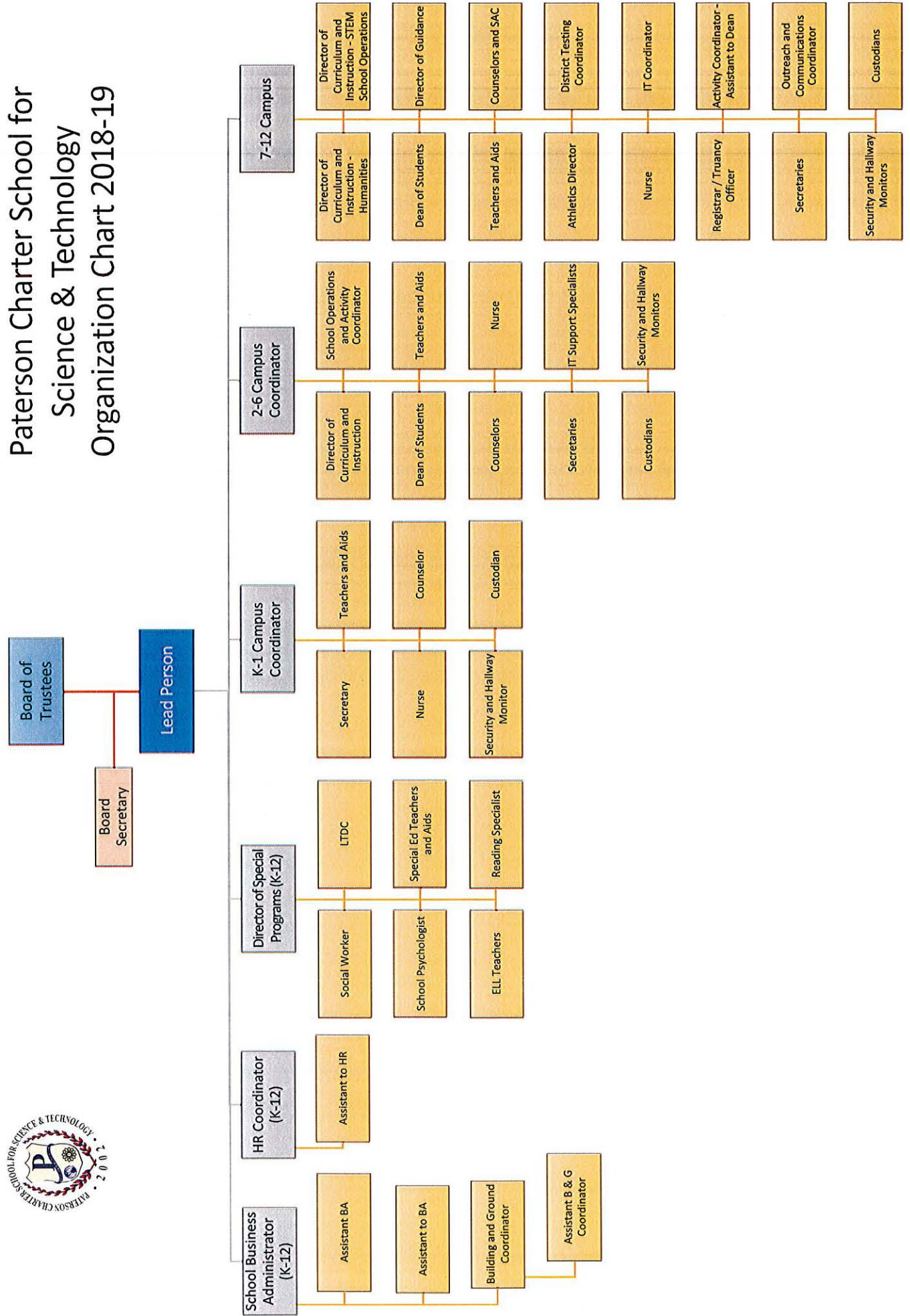
A. Riza Gurcanli
Lead Person



Matt A. Anar
Business Administrator/Board Secretary



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



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

**ROSTER OF OFFICIALS
JUNE 30, 2023**

Members of the Board of Trustees

Position

Legna Garcia Rodriguez	President
Richard DeJesus	Vice President
Ayhan Koroglu	Member
Asli Kalkan	Member
Melikhan Turkileri	Member

Other Officials

A. Riza Gurcanli	Lead Person
Matt A. Anar	Business Administrator/ Board Secretary
Krishana Scott	K-1 School Coordinator
Patricia Coban	2-3 School Coordinator
John Demir	4-7 School Principal
Necmi Coskun	8-12 School Principal
Christopher M. Lessard	Treasurer

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

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

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

Official Depository

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

FINANCIAL SECTION

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206
Union, New Jersey 07083
908-686-3484
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Independent Auditor's Report

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Paterson Charter School for Science and Technology (Charter School), in the County of Passaic, State of New Jersey, as of and for the fiscal year ended June 30, 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 and each major fund of the Paterson Charter School for Science and Technology, in the County of Passaic, State of New Jersey, as of June 30, 2023, and the respective changes in the financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

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

Other Information


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

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

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

In accordance with *Government Auditing Standards* and the Office of School Finance, Department of Education, State of New Jersey, we have also issued our report dated December 5, 2023 on our consideration of the Paterson Charter School for Science and Technology's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the Office of School Finance, Department of Education, State of New Jersey and the Office of School Finance, Department of Education, State of New Jersey in considering the Charter School's internal control over financial reporting and compliance.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountant


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

Union, New Jersey
December 5, 2023

REQUIRED SUPPLEMENTARY INFORMATION – PART I

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED**

As management of the Paterson Charter School for Science and Technology ("Charter School"), we offer readers of the Charter School's financial statements this narrative discussion, overview, and analysis of the financial activities of the Charter School for the year ended June 30, 2023. We encourage readers to consider the information presented, in conjunction with additional information that we have furnished in our letter of transmittal.

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

Financial Highlights

Key financial highlights for 2023 are as follows:

- ❖ Total net position of the governmental activities and business-type activities is \$15,794,837 at June 30, 2023. It is comprised of both current and capital assets and deferred outflows of resources less deferred inflows of resources and current and outstanding long-term liabilities.
- ❖ General revenues accounted for \$43,013,504 of total revenues or 94% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$2,520,587 or 6% percent of total revenues of \$45,534,091.
- ❖ The Charter School had \$40,944,167 in expenses; only \$2,520,587 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$43,013,504 were adequate to provide for these programs.
- ❖ Among major funds, the General Fund had \$34,222,456 in revenues and \$29,907,530 in expenditures. The General Fund's fund balance increased \$4,314,926 over 2022. This increase was anticipated by the Board of Trustees.

Using this Annual Comprehensive Financial Report (ACFR)

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

Overview of the Financial Statements

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED
(CONTINUED)**

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED
(CONTINUED)**

Governmental Funds (Continued)

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

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

Proprietary Funds

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

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

Fiduciary Funds

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

Notes to the Basic Financial Statements

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

Other Information

The required supplementary information and combining statements referred to earlier in connection with governmental funds and proprietary funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found starting on page 91 of this report.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED
(CONTINUED)**

Other Information (Continued)

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED
(CONTINUED)**

The Charter School as a Whole

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

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

The following table provides a summary of net position relating to the Charter School's governmental and business-type activities as of June 30, 2023 and 2022:

**Table 1
Net Position**

	2023	2022
Assets		
Current and Other Assets	\$ 15,240,457	\$ 10,588,968
Capital Assets	<u>15,738,567</u>	<u>17,441,422</u>
Total Assets	<u>30,979,024</u>	<u>28,030,390</u>
Deferred Outflows of Resources		
Related to Pensions	<u>2,609,430</u>	<u>1,742,163</u>
Liabilities		
Account and Other Payables	1,429,403	1,059,258
Other Current Liabilities	2,780	2,728
Long-Term Liabilities	<u>15,433,767</u>	<u>15,004,720</u>
Total Liabilities	<u>16,865,950</u>	<u>16,066,706</u>
Deferred Inflows of Resources		
Related to Pensions	<u>927,667</u>	<u>2,500,934</u>
Net Position		
Net Investment in Capital Assets	5,994,008	6,143,460
Restricted	60,996	62,655
Unrestricted	<u>9,739,833</u>	<u>4,998,798</u>
Total Net Position	<u>\$ 15,794,837</u>	<u>\$ 11,204,913</u>

The largest portion of the Charter School's net position is its net investment in capital assets, e.g. buildings and improvements and furniture and equipment, less any related debt used to acquire those assets that are still outstanding, which amounts to \$5,994,008. The Charter School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the Charter School's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED
(CONTINUED)**

The Charter School as a Whole (Continued)

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

The net pension liability recorded as of June 30, 2023 is the result of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date — an amendment of GASB Statement No. 68*. The decrease of (\$1,982,451) from the prior year relates to changes in the actuarial assumptions from the prior year and the pension funding status of the State of New Jersey.

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED**

Charter School Activities

The key elements of the Charter School's changes in net position for the years ended June 30, 2023 and 2022 are as follows:

**Table 2
Changes in Net Position**

	2023	2022
Revenues		
Program Revenues:		
Charges for Services	\$ 194,779	\$ 73,669
Operating Grants and Contributions	2,325,808	2,282,116
General Revenues:		
General Purposes	3,656,362	2,989,371
Grants and Entitlements	38,802,354	32,940,077
Other	<u>554,788</u>	<u>191,247</u>
Total Revenues	<u>45,534,091</u>	<u>38,476,480</u>
Program Expenses		
Instruction	18,031,986	15,954,046
Administration	9,841,949	4,645,274
Support Services	7,605,805	5,932,162
Capital Outlay	1,167,079	-
Interest on Long-Term Debt	863,184	785,944
Unallocated Depreciation	-	78,089
Unallocated Amortization	1,946,822	1,946,822
Food Service	<u>1,487,342</u>	<u>1,318,873</u>
Total Program Expenses	<u>40,944,167</u>	<u>30,661,210</u>
Changes in Net Position	<u>\$ 4,589,924</u>	<u>\$ 7,815,270</u>

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED
(CONTINUED)**

Governmental Activities

The Charter School's total revenues were \$43,997,074 for the year ended June 30, 2023 and \$36,885,088 for 2022. Federal, state, and local grants and state aid accounted for 90% for 2023 and 92% for 2022 of revenues which includes \$4,741,967 for 2023 and \$4,320,673 for 2022 of state reimbursed TPAF social security contributions and on-behalf TPAF pension, post-retirement medical, and long-term disability insurance contributions.

The total cost of all program and services was \$38,584,422 for 2023 and \$28,440,254 for 2022. Instruction comprises 47% for 2023 and 56% for 2022 of Charter School expenses.

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

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

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

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

Business-Type Activities

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

- ❖ Food service revenues exceeded expenses by \$49,675 for 2023 and \$272,519 for 2022.
- ❖ Charges for services represent \$63,721 for 2023 and \$1,086 for 2022. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced breakfast and lunches were \$1,453,405 for 2023 and \$1,452,616 for 2022.

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$41,416,969 for 2023 and \$33,521,305 for 2022 and expenditures were \$37,103,702 for 2023 and \$43,226,663 for 2022. The net change in fund balance was most significant in the general fund, an increase of \$4,314,926 in 2023 and an increase of \$3,463,171 in 2022.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED
(CONTINUED)**

The Charter School's Funds (Continued)

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2023.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2022	Percent of Increase/ (Decrease)
Local Sources	\$ 4,322,317	10.44%	\$ 1,206,806	38.74%
State Sources	30,182,789	72.87%	4,249,457	16.39%
Federal Sources	<u>6,911,863</u>	<u>16.69%</u>	<u>2,439,401</u>	54.54%
Total	<u>\$ 41,416,969</u>	<u>100.00%</u>	<u>\$ 7,895,664</u>	

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

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

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2022	Percent of Increase/ (Decrease)
Instruction	\$ 12,507,501	33.7100%	\$ 2,054,055	19.65%
Administration	13,967,709	37.64%	1,891,922	15.67%
Support Services	5,964,811	16.08%	1,130,745	23.39%
Capital Outlay	<u>4,663,681</u>	<u>12.57%</u>	<u>(11,199,683)</u>	-70.60%
Total	<u>\$ 37,103,702</u>	<u>100.00%</u>	<u>\$ (6,122,961)</u>	

Changes in expenditures were the result of varying factors.

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

General Fund Budgeting Highlights

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED
(CONTINUED)**

General Fund Budgeting Highlights (Continued)

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

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

Capital Assets (Net of Depreciation)

The Charter School had \$15,626,171 at June 30, 2023 and \$17,301,833 at June 30, 2022 invested in building improvements, furniture, machinery and equipment for governmental activities. The table shows the balances of capital assets (net of depreciation) for fiscal years 2023 and 2022.

	2023				2022
	Beginning Balance	Additions	Retirements	Ending Balance	
Governmental Activities:					
<i>Capital Assets Being Depreciated:</i>					
Building Improvements	\$ 7,395,083	\$ 26,197	\$ -	\$ 7,421,280	\$ 7,395,083
Vehicle, Furniture, Machinery and Equipment	2,574,149	630,703	-	3,204,852	2,574,149
Right-Of-Use Leased Asset	19,468,211	-	-	19,468,211	19,468,211
Totals Capital Assets Being Depreciated	<u>29,437,443</u>	<u>656,900</u>	<u>-</u>	<u>30,094,343</u>	<u>29,437,443</u>
<i>Less Accumulated Depreciation:</i>					
Building Improvements	400,153	175,108	-	575,261	400,153
Vehicle, Furniture, Machinery and Equipment	2,001,350	210,632	-	2,211,982	2,001,350
Right-Of-Use Leased Asset	9,734,107	1,946,822	-	11,680,929	9,734,107
Total Accumulated Depreciation	<u>12,135,610</u>	<u>2,332,562</u>	<u>-</u>	<u>14,468,172</u>	<u>12,135,610</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>17,301,833</u>	<u>(1,675,662)</u>	<u>-</u>	<u>15,626,171</u>	<u>17,301,833</u>
Government Activity Capital Assets, Net	<u>\$ 17,301,833</u>	<u>\$ (1,675,662)</u>	<u>\$ -</u>	<u>\$ 15,626,171</u>	<u>\$ 17,301,833</u>
Business-Type Activities:					
<i>Capital Assets Being Depreciated:</i>					
Machinery and Equipment	\$ 384,230	\$ -	\$ -	\$ 384,230	\$ 384,230
Less Accumulated Depreciation	244,641	27,193	-	271,834	244,641
Enterprise Fund Capital Assets, Net	<u>\$ 139,589</u>	<u>\$ (27,193)</u>	<u>\$ -</u>	<u>\$ 112,396</u>	<u>\$ 139,589</u>

Debt Administration

The Charter School's net pension liability as of June 30, 2023 and 2022 was \$5,689,208 and \$3,706,757, respectively. Also, it has a lease liability of \$9,744,559 as of June 30, 2023 and \$11,297,963 as of June 30, 2022.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED
(CONTINUED)**

Factors Bearing on the Charter School's Future

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

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

Contacting the Charter School's Financial Management

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

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the Charter School's operation. These financial statements present the financial position and operating results of all funds as of June 30, 2023.

SECTION A – GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Statement of Net Position

June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents:			
Unrestricted	\$ 13,406,743	\$ 529,974	\$ 13,936,717
Restricted	28		28
Internal Balances	463	(463)	-
Receivables	896,234	77,278	973,512
Inventories		30,200	30,200
Other Assets	300,000		300,000
Capital and Right-Of-Use Leased Assets, Net	15,626,171	112,396	15,738,567
Total Assets	30,229,639	749,385	30,979,024
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions	2,609,430		2,609,430
Deferred Outflows of Resources	2,609,430	-	2,609,430
LIABILITIES:			
Accounts Payable	1,428,729	674	1,429,403
Unearned Revenue		2,780	2,780
Noncurrent Liabilities:			
Due Within One Year	2,108,890		2,108,890
Due Beyond One Year:			
Other Long-Term Liabilities	7,635,669		7,635,669
Net Pension Liability	5,689,208		5,689,208
Total Liabilities	16,862,496	3,454	16,865,950
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions	927,667		927,667
Deferred Inflows of Resources	927,667	-	927,667
NET POSITION:			
Net Investment in Capital Assets	5,881,612	112,396	5,994,008
Restricted for:			
Student Activities	60,996		60,996
Unassigned	9,106,298	633,535	9,739,833
Total Net Position	\$ 15,048,906	\$ 745,931	\$ 15,794,837

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Statement of Activities

For The Fiscal Year Ended June 30, 2023

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes In Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:							
Instruction	\$ 18,031,986	\$ -	\$ 872,403	\$ -	\$ (17,159,583)	\$ -	\$ (17,159,583)
Administration	9,841,949				(9,841,949)		(9,841,949)
Support Services	7,605,805	131,058 *			(7,474,747)		(7,474,747)
Capital Outlay	1,167,079				(1,167,079)		(1,167,079)
Interest on Long-Term Debt	863,184				(863,184)		(863,184)
Unallocated Amortization	1,946,822				(1,946,822)		(1,946,822)
Total Governmental Activities	39,456,825	131,058	872,403	-	(38,453,364)	-	(38,453,364)
BUSINESS-TYPE ACTIVITIES:							
Food Service	1,487,342	63,721	1,453,405			29,784	29,784
Total Business-Type Activities	1,487,342	63,721	1,453,405	-	-	29,784	29,784
Total Primary Government	\$ 40,944,167	\$ 194,779	\$ 2,325,808	\$ -	\$ (38,453,364)	\$ 29,784	\$ (38,423,580)
GENERAL REVENUES							
General Purposes					\$ 3,656,362	\$ -	\$ 3,656,362
Federal and State Aid Not Restricted					38,802,354		38,802,354
Investment Earnings					346,412	19,891	366,303
Miscellaneous Income					188,485		188,485
Total General Revenues					42,993,613	19,891	43,013,504
Change in Net Position					4,540,249	49,675	4,589,924
Net Position - July 1					10,508,657	696,256	11,204,913
Net Position - June 30					\$ 15,048,906	\$ 745,931	\$ 15,794,837

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

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

SECTION B – FUND FINANCIAL STATEMENTS

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

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

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

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

GOVERNMENTAL FUNDS

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
 Governmental Funds
 Balance Sheet
 June 30, 2023

	General Fund	Special Revenue Fund	Total
ASSETS:			
Cash and Cash Equivalents:			
Unrestricted	\$ 13,188,846 *	\$ 217,897 *	\$ 13,406,743
Restricted	28		28
Interfund Receivable:			
General Fund		33,141	33,141
Receivables From Other Governments	41,362	749,051	790,413
Other Receivables	105,821		105,821
Other Assets	300,000		300,000
Total Assets	<u>\$ 13,636,057</u>	<u>\$ 1,000,089</u>	<u>\$ 14,636,146</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Interfund Payables:			
Special Revenue Fund	\$ 33,141	\$ -	\$ 33,141
Food Service Fund	(463)		(463)
Accounts Payable	11,428	939,093	950,521
Total Liabilities	<u>44,106</u>	<u>939,093</u>	<u>983,199</u>
Fund Balances:			
Restricted For:			
Encumbrances	2,301		2,301
Student Activities		60,996	60,996
Unassigned:			
General Fund	13,589,650		13,589,650
Total Fund Balances	<u>13,591,951</u>	<u>60,996</u>	<u>13,652,947</u>
Total Liabilities and Fund Balances	<u>\$ 13,636,057</u>	<u>\$ 1,000,089</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$30,094,343 and the accumulated depreciation is \$14,468,172.	15,626,171
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(9,744,559)
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.	(5,689,208)
Accrued pension contributions for the June 30, 2023 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(478,208)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows related to pensions	2,609,430
Deferred inflows related to pensions	<u>(927,667)</u>
Net Position of Governmental Activities	<u>\$ 15,048,906</u>

* Include former fiduciary fund cash and cash equivalents

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 3,656,362	\$ -	\$ 3,656,362
Interest on Investments	346,412		346,412
Miscellaneous	188,485	131,058 *	319,543
Total Local Sources	4,191,259	131,058	4,322,317
State Sources	29,943,371	239,418	30,182,789
Federal Sources	87,826	6,824,037	6,911,863
Total Revenues	34,222,456	7,194,513	41,416,969
EXPENDITURES:			
Current:			
Instruction	9,293,643	3,213,858	12,507,501
Administration	13,967,709		13,967,709
Support Services	3,310,063	2,654,748 **	5,964,811
Capital Outlay	3,336,115	1,327,566	4,663,681
Total Expenditures	29,907,530	7,196,172	37,103,702
NET CHANGE IN FUND BALANCES	4,314,926	(1,659)	4,313,267
FUND BALANCES, JULY 1	9,277,025	62,655	9,339,680
FUND BALANCES, JUNE 30	\$ 13,591,951	\$ 60,996	\$ 13,652,947

* Special revenue fund now includes revenues from student activities

** Special revenue fund now includes expenditures from student activities

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
 Reconciliation of the Statement of Revenues, Expenditures
 And Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Fiscal Year Ended June 30, 2023

Total net change in fund balances - governmental fund (from B-2)		\$ 4,313,267
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>		
Depreciation Expense	\$ (385,740)	
Amortization Expense	(1,946,822)	
Capital Outlay	<u>656,900</u>	(1,675,662)
<p>Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in government funds. The increase in capital leases is a reduction to the reconciliation. The decrease in capital leases is an addition to the reconciliation.</p>		
		1,553,404
<p>Pension costs associated with the PERS pension plan are reported in the governmental funds as expenditures in the year the school pension contribution is paid. However, on the statement of activities, the net difference between the current and prior year net pension liability is recognized.</p>		
		<u>349,240</u>
Change in net position of governmental activities		<u><u>\$ 4,540,249</u></u>

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

PROPRIETARY FUNDS

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Proprietary Fund
Statement of Net Position
June 30, 2023

	Business-Type Activities Enterprise Fund	
	<u>Food Service Programs</u>	
	<u>School Nutrition</u>	
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$	529,974
Intergovernmental Accounts Receivable:		
Federal		74,345
State		1,767
Other Receivables		1,166
Inventories		<u>30,200</u>
Total Current Assets		<u>637,452</u>
Noncurrent Assets:		
Machinery and Equipment		384,230
Less Accumulated Depreciation		<u>(271,834)</u>
Total Noncurrent Assets		<u>112,396</u>
Total Assets	\$	<u><u>749,848</u></u>
LIABILITIES AND NET POSITION:		
Liabilities:		
Interfund Accounts Payable	\$	463
Accounts Payable		674
Unearned Revenue		<u>2,780</u>
Total Liabilities		<u>3,917</u>
Net Position:		
Net Investment in Capital Assets		112,396
Restricted For:		
Unassigned		<u>633,535</u>
Total Net Position		<u>745,931</u>
Total Liabilities and Net Position	\$	<u><u>749,848</u></u>

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2023

	Business-Type Activities Enterprise Fund
	Food Service Programs
	School Nutrition
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Program (Reimbursable Program) Meals	\$ -
Daily Sales - Non-Program (Non-Reimbursable Program) Meals	63,721
	63,721
Total Operating Revenues	63,721
OPERATING EXPENSES:	
Cost of Sales - Program (Reimbursable Program) Meals	461,910
Cost of Sales - Non-Program (Non-Reimbursable Program) Meals	130,496
Salaries	594,176
Management Fees	44,200
Purchased Prof/Tech Services	13,660
Supplies and Materials	130,689
Depreciation Expense	27,193
Miscellaneous Expenses	85,018
	1,487,342
Total Operating Expenses	1,487,342
OPERATING LOSS	(1,423,621)
NONOPERATING REVENUES:	
State Source:	
State School Breakfast/Lunch Program	28,686
Federal Source:	
National School Breakfast/Lunch/Snack Programs	1,191,648
Fresh Fruit and Vegetable Program	30,845
Other Nutrition Programs	81,570
Food Distribution Program	120,656
Interest Earned	19,891
	1,473,296
Total Nonoperating Revenues	1,473,296
CHANGE IN NET POSITION	49,675
TOTAL NET POSITION, JULY 1	696,256
TOTAL NET POSITION, JUNE 30	\$ 745,931

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
 Proprietary Fund
 Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2023

	Business-Type Activities
	Enterprise Fund
	Food Service Programs
	School Nutrition
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 76,524
Cash Payments to Suppliers and Employees	(1,458,529)
	(1,382,005)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash Received From State And Federal Reimbursements	1,453,405
	1,453,405
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on Deposits and Investments	19,891
	19,891
Net Increase In Cash And Cash Equivalents	91,291
Cash And Cash Equivalents, Beginning Of Year	438,683
Cash And Cash Equivalents, End Of Year	\$ 529,974
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:	
Operating Loss Used In Operating Activities	\$ (1,423,621)
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities:	
Depreciation	27,193
Change In Assets And Liabilities:	
Decrease In Due From Other Funds	1,339
Decrease In Receivables From Other Governments	11,491
Increase In Other Receivables	(27)
Decrease In Inventories	431
Increase In Interfund Payable	463
Increase In Accounts Payable	674
Increase In Deferred Revenue	52
	52
Net Cash Used For Operating Activities	\$ (1,382,005)

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

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

A. Basis of Presentation

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

B. Reporting Entity

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

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

C. Basic Financial Statements – Government-Wide Statements

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Government-Wide Statements (Continued)

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

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

D. Basic Financial Statements – Fund Financial Statements

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

The following fund types are used by the Charter School:

Governmental Fund Types

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

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

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

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

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

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

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2023, the Charter School do not have Capital Projects Fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs. As of June 30, 2023, the Charter School do not have Debt Service Fund.

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

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

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

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

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

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

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

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

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

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

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

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

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

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

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

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

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84 – Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

and local government, including New Jersey school districts and their charter schools. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, or fiscal year 2020-2021. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. After considering the criteria and guidance, it was determined that payroll, payroll agency, and unemployment compensation insurance, previously reported as fiduciary funds, that such activities are more appropriately reported in a general fund. Additionally, the Charter School previously reported the activity of the student activity fund as a fiduciary fund. Beginning in fiscal year 2020-2021, such activity are more appropriately reported in a special revenue fund.

E. Measurement Focus and Basis of Accounting

The government-wide proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Charter School gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, property taxes, grants, entitlements and donations.

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

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

F. Budgets/Budgetary Control

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

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

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

Total Revenues & Expenditures (Budgetary Basis)	\$ 7,194,513
Adjustments:	
Less Encumbrances at June 30, 2023	(370,333)
Plus Encumbrances at June 30, 2022	<u>370,333</u>
Total Revenues and Expenditures (GAAP Basis)	<u>\$ 7,194,513</u>

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

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

1. Deposits and Investments

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

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deposits and Investments (Continued)

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

2. Short-term Interfund Receivables/Payables

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

3. Inventories

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

4. Capital Assets

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

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

Land and Construction in Progress are not depreciated.

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Fund Equity

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

3. Use of Estimates

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

4. Net Position/Fund Balance

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

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

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

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

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Balance Reserves

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

Student Activities – This restriction was created in accordance with NJAC 6A:23A-16.12 to represent the accumulation of funds derived from athletic events and other student organizations reserved for the payment of student group activities.

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

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

I. Impact of Recently Issued Accounting Principles

During fiscal year 2023, the Charter School has adopted the following GASB statements.

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

As of June 30, 2023, the entity's SBITAs were all 12 months or less and so the Charter School was exempt from reporting under this pronouncement.

GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles (Continued)

Recently Issued Accounting Pronouncements

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

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

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

J. Pensions

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

NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES

A. Deposits and Investments

Deposits

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

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

Deposits and Investments (Continued)

Deposits (Continued)

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

As of June 30, 2023, cash and cash equivalents of the Charter School consisted of the following:

	General Fund	Special Revenue	Proprietary Fund	Total
Operating Account	<u>\$13,188,874</u>	<u>\$ 217,897</u>	<u>\$ 529,974</u>	<u>\$13,936,745</u>

The Charter School had no investments at June 30, 2023.

The carrying amount of the Board's cash and cash equivalents at June 30, 2023 was \$13,936,745 and the bank balance was \$14,921,504. All bank balances were covered by federal depository insurance (FDIC) and/or by a collateral pool maintained by the banks as required by GUDPA.

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

As of June 30, 2023, none of the cash and cash equivalents for Paterson Charter School for Science and Technology were exposed to custodial credit risk.

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

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

Deposits and Investments (Continued)

B. Investments

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

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

Credit Risk: The Charter School does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosures be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The Charter School did not have any investments at June 30, 2023.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

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

Deposits and Investments (Continued)

Investments (Continued)

Interest Rate Risk: The Charter School does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Charter School did not have any investments at June 30, 2023.

Concentration of Credit Risk: The Charter School places no limit on the amount they may invest in any one issuer. The Charter School did not have any investments at June 30, 2023.

C. Receivables

Receivables at June 30, 2023, consisted of accounts, intergovernmental, grants, and miscellaneous.

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

	Governmental Funds			Proprietary Fund	Total	
	General Fund	Special Revenue Fund	Total Governmental Activities	Food Service Fund	Business Type Activities	Total
State Aid	\$ 147,183	\$ -	\$ 147,183	\$ -	\$ -	\$ 147,183
Federal Aid	-	823,396	823,396	74,345	74,345	897,741
Other	-	-	-	-	-	-
Gross Receivables	147,183	823,396	970,579	74,345	74,345	1,044,924
Less: Allowance for Uncollectibles	-	-	-	-	-	-
Total Receivables, Net	\$ 147,183	\$ 823,396	\$ 970,579	\$ 74,345	\$ 74,345	\$ 1,044,924

D. Interfund Receivables and Payables

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

The following interfund balances remained on the fund financial statements at June 30, 2023.

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ -	\$ 32,678
Special Revenue Fund	33,141	
Proprietary Fund		463
Total	\$ 33,141	\$ 33,141

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

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

E. Capital Assets

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

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Building Improvements	\$ 7,395,083	\$ 26,197	\$ -	\$ 7,421,280
Vehicle, Furniture, Machinery and Equipment	2,574,149	630,703	-	3,204,852
Right-Of-Use Leased Asset	19,468,211	-	-	19,468,211
Total Capital Assets Being Depreciated	<u>29,437,443</u>	<u>656,900</u>	<u>-</u>	<u>30,094,343</u>
Less Accumulated Depreciation For:				
Building Improvements	400,153	175,108	-	575,261
Vehicle, Furniture, Machinery and Equipment	2,001,350	210,632	-	2,211,982
Right-Of-Use Leased Asset	9,734,107	1,946,822	-	11,680,929
Total Accumulated Depreciation	<u>12,135,610</u>	<u>2,332,562</u>	<u>-</u>	<u>14,468,172</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>17,301,833</u>	<u>(1,675,662)</u>	<u>-</u>	<u>15,626,171</u>
Government Activity Capital Assets, Net	<u>\$ 17,301,833</u>	<u>\$ (1,675,662)</u>	<u>\$ -</u>	<u>\$ 15,626,171</u>
Business-Type Activities:				
<i>Capital Assets Being Depreciated:</i>				
Machinery and Equipment	\$ 384,230	\$ -	\$ -	\$ 384,230
Less Accumulated Depreciation	(244,641)	(27,193)	-	(271,834)
Enterprise Fund Capital Assets, Net	<u>\$ 139,589</u>	<u>\$ (27,193)</u>	<u>\$ -</u>	<u>\$ 112,396</u>

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

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

Depreciation expense was charged to functions as follows:

Depreciation Expense:	
Instructional	\$ 181,875
Administration	167,622
Support	36,243
Total	<u>\$ 385,740</u>

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 3: DETAILED DISCLOSURE REGARDING LIABILITIES AND EXPENSES/EXPENDITURES

Operating Leases

2-6 Campus

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

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

Future minimum lease payments are as follows:

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

7-12 Campus

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

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 3: DETAILED DISCLOSURES REGARDING LIABILITIES AND EXPENSES /EXPENDITURES

Operating Leases (Continued)

Future minimum lease payments are as follows:

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

K-1 Campus

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

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

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

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

Total lease payments for the year ended June 30, 2023 amounted to \$31,764.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 4: PENSION PLANS

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

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

A. Public Employees’ Retirement System (PERS)

Plan Description

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

Vesting and Benefit Provisions

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

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 4: PENSION PLANS

Public Employees' Retirement System (PERS) (Continued)

Vesting and Benefit Provisions (Continued)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2022, the State's pension contribution was less than actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Charter School contributions to PERS amounted to \$478,208 for fiscal year 2023.

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 4: PENSION PLANS

Public Employees' Retirement System (PERS) (Continued)

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

At June 30, 2023, the Charter School reported a liability of \$5,689,208 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2021 which was rolled forward to June 30, 2022. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. For the June 30, 2022 measurement date, the Charter School's proportion was 0.0376984057%, which was an increase of 0.0064085139% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the Charter School recognized pension expense of \$475,395, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2022 measurement date.

At June 30, 2023, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 41,062	\$ 36,211
Changes in Assumptions	17,627	851,900
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	235,471	-
Changes in Proportion and Differences between Charter School Contributions and Proportionate Share of Contributions	1,837,062	39,556
Charter School Contributions Subsequent to the Measurement Date	<u>478,208</u>	<u>-</u>
	<u>\$ 2,609,430</u>	<u>\$ 927,667</u>

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 4: PENSION PLANS

Public Employees' Retirement System (PERS) (Continued)

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

\$478,208, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2024.

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2023	\$ (488,015)
2024	(248,627)
2025	(121,251)
2026	264,523
2027	(581)
	<hr/>
	<u>\$ (593,951)</u>

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.04, 5.13, 5.16, 5.21, 5.63, and 5.48 years for the 2022, 2021, 2020, 2019, 2018, and 2017, respectively.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 4: PENSION PLANS

Public Employees' Retirement System (PERS) (Continued)

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

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

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 4: PENSION PLANS

Public Employees' Retirement System (PERS) (Continued)

Actuarial Assumptions

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2021. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022. This actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75 - 6.55%
	based on years of service
Investment Rate of Return	7.00%

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 4: PENSION PLANS

Public Employees' Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

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

<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%

Discount Rate

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 4: PENSION PLANS

Public Employees' Retirement System (PERS) (Continued)

Discount Rate (Continued)

Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

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

	Measurement Date June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's Proportionate Share of the Net Pension Liability	\$ 7,370,866	\$ 5,737,390	\$ 4,347,237

Pension Plan Fiduciary Net Position

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 4: PENSION PLANS

B. Teacher's Pension Annuity Fund (TPAF)

Pension Description

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

Vesting and Benefit Provisions

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

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

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 4: PENSION PLANS

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

Contributions

The contribution policy for TPAF is set by N.J.S.A 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For Fiscal year 2022, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the Charter School. However, the notes to the financial statements of the Charter School must disclose the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$346,662 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of .

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

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

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 4: PENSION PLANS

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

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

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

Charter School's Proportionate Share of the Net Pension Liability	\$ -
State of New Jersey 's Proportionate Share of the Net Pension Liability Associated with the Charter School	<u>36,886,999</u>
Total	<u><u>\$ 36,886,999</u></u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2021. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022. For the June 30, 2022 measurement date, the Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2022, Charter School's proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2022 measurement date, the State's proportionate share of the TPAF net pension liability associated with the Charter School was 0.0714941694%, which was an increase of 0.0030448971% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the Charter School recognized \$992,732 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2022 measurement date.

The State reported the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2022:

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 4: PENSION PLANS

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 3,013,097,864	\$19,441,140,477
Difference Between Expected and Actual Experience	699,820,974	122,664,916
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	<u>1,172,371,073</u>	<u>-</u>
	<u>\$ 4,885,289,911</u>	<u>\$ 19,563,805,393</u>

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference Between Expected and Actual		
Year of Pension Plan Deferral:		
June 30, 2014	-	8.50 years
June 30, 2015	8.30 years	-
June 30, 2016	-	8.30 years
June 30, 2017	8.30 years	-
June 30, 2018	8.29 years	-
June 30, 2019	-	8.04 years
June 30, 2020	-	7.99 years
June 30, 2021	7.93 years	-
June 30, 2022	-	7.83 years
Changes in Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	8.50 years	-
June 30, 2015	8.30 years	-
June 30, 2016	8.30 years	-
June 30, 2017	-	8.30 years
June 30, 2018	-	8.29 years
June 30, 2019	-	8.04 years
June 30, 2020	7.99 years	-
June 30, 2021	-	7.93 years
June 30, 2022	7.83 years	-

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 4: PENSION PLANS

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2018	5.00 years	-
June 30, 2019	5.00 years	-
June 30, 2020	5.00 years	-
June 30, 2021	5.00 years	-
June 30, 2022	5.00 years	-

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

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2023	\$ (2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Thereafter	<u>(1,687,721,983)</u>
	<u><u>\$ (14,678,515,482)</u></u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2021. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022. This actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

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Notes to the Basic Financial Statements

June 30, 2023

NOTE 4: PENSION PLANS

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

Actuarial Assumptions (Continued)

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 rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021. The actuarial assumptions used in the July 01, 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 State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

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Notes to the Basic Financial Statements

June 30, 2023

NOTE 4: PENSION PLANS

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

Long-Term Expected Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
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%

Discount Rate

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 4: PENSION PLANS

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

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

As previously mentioned, TPAF has a special funding situation where the State pays 100% of the Charter School's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2022, the pension plans measurement date, attributable to the Charter School is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the Charter School, using a discount rate of , as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	Measurement Date June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of the Net Pension Liability Associated with the Charter School	43,319,673	36,945,747	31,576,515
	<u>\$ 43,319,673</u>	<u>\$ 36,945,747</u>	<u>\$ 31,576,515</u>

Pension Plan Fiduciary Net Position

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 4: PENSION PLANS

C. Defined Contribution Retirement Program (DCRP)

Plan Description

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

Vesting and Benefit Provisions

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

Contributions

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 4: PENSION PLANS

Defined Contribution Retirement Program (DCRP) (Continued)

Contributions (Continued)

For the fiscal year ended June 30, 2023, employee contributions totaled to \$774, and the Charter School recognized pension expense, which equaled the required contributions, of \$1,051.

NOTE 5: POST-RETIREMENT MEDICAL BENEFITS

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Annual Comprehensive Financial Report effective for the fiscal year ended June 30, 2022. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

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

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 5: POST-RETIREMENT MEDICAL BENEFITS (CONTINUED)

Plan Description and Benefits Provided (Continued)

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

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

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2021:

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

Measurement Focus and Basis of Accounting

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

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 5: POST-RETIREMENT MEDICAL BENEFITS (CONTINUED)

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2022 is \$50,646,462,966, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuation as of June 30, 2021 which were rolled forward to June 30, 2022.

Actuarial Methods and Assumptions

In the June 30, 2021 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a nonemployer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.33 billion to the OPEB plan in fiscal year 2022.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution, an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund-Local Education Retired for retirees' post-retirement benefits on behalf of the Charter School for the fiscal years ended June 30, 2023, 2022, and 2021 were \$818,081, \$697,345, and \$635,417, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the Charter School was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 5: POST-RETIREMENT MEDICAL BENEFITS (CONTINUED)

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

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The Non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 01, 2021 through June 30, 2022. Non-employer allocation percentages have been rounded for presentation purposes.

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

At June 30, 2022, the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Actual and Expected Experience	\$ 9,042,402,619	\$ 15,462,950,679
Net Difference Between Expected and Actual Earnings on OPEB Plan Investments	-	-
Assumptions Changes	<u>8,765,620,577</u>	<u>17,237,289,230</u>
Sub Total	17,808,023,196	32,700,239,909
Contributions Made in Fiscal Year Ending 6/30/2023 Measurement Date	TBD	Not Available
Total	<u><u>\$ 17,808,023,196</u></u>	<u><u>\$ 32,700,239,909</u></u>

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 5: POST-RETIREMENT MEDICAL BENEFITS (CONTINUED)

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

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

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

For the fiscal year ended June 30, 2023, the Charter School recognized in the government-wide statement of activities (accrual basis) OPEB expense of \$2,580,105. This amount has been included in the government-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2023, the State's proportionate share of the OPEB liability attributable to the Charter School is \$12,568,250. The non-employer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the Charter School at June 30, 2021 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2022. At June 30, 2022, the state's share of the OPEB liability attributable to the Charter School was 0.0248156520%, which was a decrease of 0.0004263959% from its proportionate share measured as of June 30, 2021 of 0.0252420479%.

Actuarial Assumptions

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 5: POST-RETIREMENT MEDICAL BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

Total Nonemployer OPEB Liability \$50,646,462,966

	TPAF/ABP	PERS	PFRS
Salary Increases:	2.75 - 4.25% based on service years	2.75 - 6.55% based on service years	3.25 - 16.25% based on service years

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

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

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

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

Health Care Trend Assumption

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 5: POST-RETIREMENT MEDICAL BENEFITS (CONTINUED)

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2023	June 30, 2022	3.54%
2022	June 30, 2021	2.16%

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

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the Charter School for the fiscal year ended June 30, 2023 (measurement date June 30, 2022) is as follows:

	<u>Total OPEB Liability (State Share 100%)</u>	<u>State of New Jersey's Total OPEB Liability</u>
Balance at June 30, 2021 Measurement Date	\$ 15,147,160	\$ 60,007,650,970
Changes Recognized for the Fiscal Year:		
Service Cost	2,400,908	2,770,618,025
Interest on Total OPEB Liability	333,072	1,342,187,139
Changes of Benefit Terms	-	-
Differences between Expected and Actual Experiences	(1,622,010)	1,399,200,736
Effect of Changes of Assumptions	(3,371,546)	(13,586,368,097)
Contributions - Employees	10,584	(1,329,476,059)
Gross Benefits Paid by the State	<u>(329,918)</u>	<u>42,650,252</u>
Net Changes	<u>(2,578,910)</u>	<u>(9,361,188,004)</u>
Balance at June 30, 2022 Measurement Date	<u>\$ 12,568,250</u>	<u>\$ 50,646,462,966</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% in 2021 to 3.54% in 2022.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 5: POST-RETIREMENT MEDICAL BENEFITS (CONTINUED)

Changes in the Total OPEB Liability (Continued)

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the Charter School at June 30, 2022. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the Charter School for the fiscal year ended June 30, 2022 was not provided by the pension system.

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the Charter School calculated using the discount rate of 3.54%, as well as what the State's proportionate share of the OPEB liability attributable to the Charter School that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

	<u>At 1% Decrease (2.54%)</u>	<u>At Current Discount Rate (3.54%)</u>	<u>At 1% Increase (4.54%)</u>
Net OPEB Liability (Allocable to the Charter School and the responsibility of the State)	\$ 14,772,656	\$ 12,568,250	\$ 10,801,529

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability (Allocable to the Charter School and the responsibility of the State)	\$ 10,388,427	\$ 12,568,250	\$ 15,431,580

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the Charter School at June 30, 2022. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the Charter School at June 30, 2022 were not provided by the pension system.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to the Basic Financial Statements

June 30, 2023

NOTE 6: RISK MANAGEMENT

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

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

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

New Jersey Unemployment Compensation Insurance

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

Starting in 2016-2017 school year, the charter school changed the unemployment contribution to the "Contributory Method" where the Charter School will now remit the entire employee deduction to the Commissioner of Labor. As of June 30, 2023, there is no balance in the school's Unemployment Compensation trust account.

NOTE 7: DETAILED DISCLOSURE REGARDING FUND EQUITY

General Fund

Of the \$13,591,951 General Fund balance at June 30, 2023, \$2,301 is reserved for encumbrances and \$13,589,650 is unassigned and undesignated.

NOTE 8: SUBSEQUENT EVENTS

Subsequent events were evaluated through December 5, 2023, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULES

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Equalization Aid - Local Share - Charter School Aid	\$ 3,618,267	\$ -	\$ 3,618,267	\$ 3,656,362	\$ 38,095
Total Local Sources	3,618,267	-	3,618,267	3,656,362	38,095
Categorical Aid:					
Equalization Aid - State Share - Charter School Aid	23,057,914		23,057,914	23,439,793	381,879
Special Education Categorical Aid	1,025,726		1,025,726	872,403	(153,323)
Security Aid	834,538		834,538	889,208	54,670
Total Categorical Aid	24,918,178	-	24,918,178	25,201,404	283,226
Federal Sources:					
Medicaid Reimbursement	55,210		55,210	87,826	32,616
Total Federal Sources	55,210	-	55,210	87,826	32,616
Other Sources:					
Interest Income	20,000		20,000	346,412	326,412
Donations and Contributions	10,000		10,000	18,500	8,500
Miscellaneous Revenue	50,000		50,000	33,246	(16,754)
Refund from Prior Year				136,739	136,739
On-Behalf TPAF Pension Aid (Non-Budgeted)				3,114,155	3,114,155
Reimbursed TPAF Social Security Aid (Non-Budgeted)				806,662	806,662
On-Behalf TPAF Post-Retirement Medical Aid (Non-Budgeted)				818,081	818,081
On-Behalf TPAF Long-Term Disability Insurance Aid (Non-Budgeted)				3,069	3,069
Total Other Sources	80,000	-	80,000	5,276,864	5,196,864
Total Revenues	28,671,655	-	28,671,655	34,222,456	5,550,801
EXPENDITURES:					
Instruction:					
Salaries of Teachers	8,363,925	(2,500)	8,361,425	7,410,631	950,794
Other Salaries for Instruction	1,288,892	127,000	1,415,892	1,319,006	96,886
Purchased Prof/Tech Services	232,692	-	232,692	78,712	153,980
Other Purchased Services	94,178	6,000	100,178	68,851	31,327
General Supplies	742,100		742,100	345,770	396,330
Textbooks	1,745		1,745	935	810
Miscellaneous	80,139	3,500	83,639	69,738	13,901
Total Instruction	10,803,671	134,000	10,937,671	9,293,643	1,644,028
Administration:					
Salaries - General Administration	3,070,974	32,000	3,102,974	2,991,503	111,471
Salaries of Secretarial/Clerical Assistants	763,339		763,339	725,778	37,561
Total Benefits Cost	5,859,000	(728,000)	5,131,000	4,724,753	406,247
Purchases Prof/Tech Services	427,081	39,000	466,081	330,388	135,693
Other Purchased Services	289,466	30,000	319,466	256,005	63,461
Supplies and Materials	137,124	(20,000)	117,124	81,162	35,962
Miscellaneous Expenses	74,572	59,500	134,072	116,153	17,919
Total Administration	10,621,556	(587,500)	10,034,056	9,225,742	808,314

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued From Prior Page)					
Support Services:					
Salaries	\$ 1,479,502	\$ 225,366	\$ 1,704,868	\$ 1,626,777	\$ 78,091
Purchased Prof/Ed Services	533,752	14,500	548,252	514,899	33,353
Purchased Prof/Tech Services	188,190	29,000	217,190	209,783	7,407
Rental of Land and Buildings	2,674,300		2,674,300	31,764	2,642,536
Other Purchased Services	405,123	11,795	416,918	339,084	77,834
Transportation-Other Than To/From School	184,960		184,960	97,006	87,954
Insurance for Property, Liability and Fidelity	56,256	1,205	57,461	57,461	-
Supplies and Materials	103,597	15,500	119,097	100,040	19,057
Energy Costs (Heat and Electricity)	432,000	-	432,000	324,480	107,520
Miscellaneous Expenses	23,000		23,000	8,769	14,231
Total Support Services	6,080,680	297,366	6,378,046	3,310,063	3,067,983
Capital Outlay:					
Instructional Equipment	27,250	38,824	66,074	65,803	271
Non-Instructional Equipment	22,000		22,000	21,297	703
Lease Purchase Agreements-Principal	201,303		201,303	2,839,702	(2,638,399)
Miscellaneous Expenses	433,512	341,634	775,146	409,313	365,833
Total Capital Outlay	684,065	380,458	1,064,523	3,336,115	(2,271,592)
On-Behalf TPAF Pension Contributions (Non-Budgeted)				3,114,155	(3,114,155)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				806,662	(806,662)
On-Behalf TPAF Post-Retirement Medical Contributions (Non-Budgeted)				818,081	(818,081)
On-Behalf TPAF Long-Term Disability Insurance Contributions (Non-Budgeted)				3,069	(3,069)
Total Expenditures	28,189,972	224,324	28,414,296	29,907,530	(1,493,234)
Excess (Deficiency) of Revenues Over (Under) Expenditures	481,683	(224,324)	257,359	4,314,926	4,057,567
FUND BALANCE, JULY 1	9,277,025	-	9,277,025	9,277,025	-
FUND BALANCE, JUNE 30	<u>\$ 9,758,708</u>	<u>\$ (224,324)</u>	<u>\$ 9,534,384</u>	<u>\$ 13,591,951</u>	<u>\$ 4,057,567</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures:					
Budgeted Fund Balance	<u>\$ 9,758,708</u>	<u>\$ (224,324)</u>	<u>\$ 9,534,384</u>	<u>\$ 13,591,951</u>	<u>\$ 4,057,567</u>
Total	<u>\$ 9,758,708</u>	<u>\$ (224,324)</u>	<u>\$ 9,534,384</u>	<u>\$ 13,591,951</u>	<u>\$ 4,057,567</u>

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Local	\$ -	\$ -	\$ -	\$ 131,058	\$ 131,058 *
State	239,418		239,418	239,418	-
Federal	10,282,265	745,333	11,027,598	6,824,037	(4,203,561)
Total Revenues	10,521,683	745,333	11,267,016	7,194,513	(4,072,503)
EXPENDITURES:					
Instruction:					
Salaries	2,362,491	(231,624)	2,130,867	1,545,079	585,788
Salaries of Teachers	1,008,340	(154,715)	853,625	283,623	570,002
Other Salaries for Instruction	500,000		500,000	500,000	-
Purchased Prof/Tech Services	60,449	56,006	116,455	116,455	-
Other Purchased Services	49,148	(4,754)	44,394	44,394	-
General Supplies	492,531	241,695	734,226	694,226	40,000
Other Objects	21,000	9,081	30,081	30,081	-
Total Instruction	4,493,959	(84,311)	4,409,648	3,213,858	1,195,790
Support Services:					
Salaries	573,111	106,658	679,769	607,566	72,203
Personal Services - Employee Benefits	1,323,528	38,041	1,361,569	1,009,996	351,573
Other Purchased Prof/Tech Services	500,987	173,700	674,687	519,073	155,614
Miscellaneous (Other) Purchased Services	82,263	54,002	136,265	136,265	-
Supplies and Materials	409,572	(16,754)	392,818	249,131	143,687
Student Activities				132,717	(132,717)
Total Support Services	2,889,461	355,647	3,245,108	2,654,748	590,360
Facilities Acquisition and Construction Services:					
Buildings	2,209,696	351,138	2,560,834	622,487	1,938,347
Instructional Equipment	465,356	50,059	515,415	169,068	346,347
Non-Instructional Equipment	463,211	72,800	536,011	536,011	-
Total Facilities Acquisition and Construction Services	3,138,263	473,997	3,612,260	1,327,566	2,284,694
Total Expenditures	10,521,683	745,333	11,267,016	7,196,172	4,070,844
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(1,659)	(1,659)
Fund Balances, Beginning of Year	62,655	-	62,655	62,655	-
Fund Balances, End of Year	\$ 62,655	\$ -	\$ 62,655	\$ 60,996	\$ (1,659)
Recapitulation:					
Restricted:					
Student Activities				\$ 60,996	
Total Fund Balance				\$ 60,996	

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
Fiscal Year Ended June 30, 2023

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

	General Fund	Special Revenue Fund	
Sources/Inflows of Resources			
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 34,222,456	[C-2] \$ 7,194,513	
 Difference - Budget to GAAP Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		-	
 Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ 34,222,456	[B-2] \$ 7,194,513	
 Uses/Outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 29,907,530	[C-2] \$ 7,196,172	
 Differences - Budget to GAAP: Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.		-	
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 29,907,530	[B-2] \$ 7,196,172	

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

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

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

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Charter School's proportion of the net pension liability	0.0376984057%	0.0312898918%	0.0285335824%	0.0259151425%	0.0212312155%	0.0227984186%	0.0267766574%	0.0313323293%	0.0268956671%	0.0251831644%
Charter School's proportionate share of the net pension liability	\$ 5,689,208	\$ 3,706,757	\$ 4,653,081	\$ 4,669,516	\$ 4,180,320	\$ 5,307,107	\$ 7,930,478	\$ 7,033,480	\$ 5,035,604	\$ 4,813,003
Charter School's covered employees payroll	\$ 3,422,590	\$ 4,853,402	\$ 2,617,205	\$ 2,211,154	\$ 1,867,274	\$ 1,643,410	\$ 1,376,563	\$ 1,517,838	\$ 3,147,799	\$ 2,989,172
Charter School's proportionate share of the net pension liability as a percentage of its covered employee payroll	166.23%	76.37%	177.79%	211.18%	223.87%	322.93%	576.11%	463.39%	159.97%	161.01%
Plan fiduciary net position as a percentage of the total pension liability	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 475,395	\$ 366,441	\$ 312,143	\$ 252,078	\$ 211,182	\$ 211,203	\$ 237,880	\$ 289,374	\$ 221,724	\$ 189,750
Contributions in relation to the contractually required contribution	(478,208)	(369,365)	(331,506)	(261,199)	(217,290)	(224,757)	(246,640)	(272,129)	(224,462)	(213,965)
Contribution deficiency/(excess)	\$ (2,813)	\$ (2,924)	\$ (19,363)	\$ (9,121)	\$ (6,108)	\$ (13,554)	\$ (8,760)	\$ (2,755)	\$ (2,738)	\$ (24,215)
Charter School's covered employee payroll	\$ 3,422,690	\$ 4,853,402	\$ 2,617,205	\$ 2,211,154	\$ 1,867,274	\$ 1,643,410	\$ 1,376,563	\$ 1,517,838	\$ 3,147,799	\$ 2,989,172
Contributions as a percentage of covered employee payroll	13.89%	7.55%	11.93%	11.40%	11.31%	12.85%	17.28%	17.75%	7.04%	6.35%

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

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

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
State's proportion of the net pension liability attributable of the Charter School	0.0714941694%	0.0684492723%	0.0689566958%	0.0563014841%	0.0624451352%	0.0636828729%	0.0600850585%	0.0506882071%	0.0505361891%	0.0386159767%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 36,866,989	\$ 32,907,117	\$ 45,407,154	\$ 34,552,752	\$ 39,726,254	\$ 42,937,289	\$ 47,266,733	\$ 32,037,111	\$ 27,009,948	\$ 19,516,211
Charter School's covered employees payroll	\$ 11,147,034	\$ 9,836,550	\$ 8,570,732	\$ 7,510,049	\$ 7,376,717	\$ 6,533,653	\$ 5,827,904	\$ 5,994,422	\$ 5,943,698	\$ 5,915,567
Charter School's proportionate share of the net pension liability as a percentage of its covered employee payroll	330.91%	334.54%	529.79%	460.09%	538.54%	657.17%	811.04%	534.45%	454.43%	329.91%
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,992,211	\$ 2,005,915	\$ 1,562,578	\$ 1,132,021	\$ 943,953	\$ 715,102	\$ 478,517	\$ 272,412	\$ 214,672	\$ 250,102
Contributions in relation to the contractually required contribution	(346,662)	(275,296)	(185,712)	(108,249)	(105,772)	(89,519)	(72,013)	(54,171)	(156,490)	(163,364)
Contribution deficiency/(excess)	\$ 2,645,549	\$ 1,730,619	\$ 1,376,866	\$ 1,023,772	\$ 838,181	\$ 625,583	\$ 406,504	\$ 218,241	\$ 58,182	\$ 86,738
Charter Schools covered employee payroll	\$ 11,147,034	\$ 9,836,650	\$ 8,570,732	\$ 7,510,049	\$ 7,376,717	\$ 6,533,653	\$ 5,827,904	\$ 5,994,422	\$ 5,943,698	\$ 5,915,567
Contributions as a percentage of covered employee payroll	26.84%	20.39%	18.23%	15.07%	12.80%	10.94%	8.21%	4.54%	3.61%	4.23%

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

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

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Required Supplementary Information Schedules
 Schedule of Changes in the Charter School's Proportionate Share of Total OPEB Liability and Related Ratios
 Teachers Pension and Annuity Fund and Public Employees Retirement System
 Last Seven Fiscal Years
 Unaudited

OPEB Liability at Beginning of Measurement Period	Fiscal Year Ending June 30,						
	2023	2022	2021	2020	2019	2018	2017
\$	15,147,160	\$ 16,999,242	\$ 9,326,882	\$ 8,176,361	\$ 10,118,207	\$ 10,040,853	\$ -
Changes Recognized for the Fiscal Year:							
Service Cost	2,400,908	2,784,173	1,499,028	1,238,955	1,509,903	1,833,131	Not Available
Interest on Total OPEB Liability	333,072	392,933	373,928	359,048	412,541	335,215	Not Available
Effect on Changes of Benefit Terms	-	(16,122)	-	-	-	-	Not Available
Differences Between Expected and Actual Experience	(1,622,010)	(4,728,534)	2,981,200	(308,727)	(2,714,935)	-	Not Available
Effect on Changes of Assumptions	(3,371,546)	14,944	3,105,177	139,065	(938,278)	(1,865,263)	Not Available
Contributions from the Employees	10,584	10,045	8,970	8,487	7,556	8,630	Not Available
Gross Benefit Paid by the State	(329,918)	(309,521)	(295,943)	(286,307)	(218,633)	(234,359)	Not Available
Net Changes	(2,578,910)	(1,852,082)	7,672,360	1,150,521	(1,941,846)	77,354	-
OPEB Liability at the End of Measurement Period	\$ 12,568,250	\$ 15,147,160	\$ 16,999,242	\$ 9,326,882	\$ 8,176,361	\$ 10,118,207	\$ 10,040,853

Charter School's Proportionat Share of the Total OPEB Liability	0.0248156520%	0.0252420479%	0.0250689447%	0.0223510362%	0.0177319742%	0.0188632305%	0.0173621705%
Charter School's Covered Employees Payroll	\$ 14,569,624	\$ 14,689,952	\$ 11,187,937	\$ 9,721,203	\$ 9,243,991	\$ 8,177,063	\$ 7,204,467
Total Charter School's OPEB Liability as a Percentage of Covered Employee Payroll	86.26%	103.11%	151.94%	95.94%	88.45%	123.74%	139.37%
Charter School's Contributions	None	None	None	None	None	None	None

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

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to Required Supplementary Information
Public Employees Retirement System
For Fiscal Year Ended June 30, 2023

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

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 7.00% as of June 30, 2021 to 7.00% as of June 30, 2022. Please see Note 4 for details of assumptions used in calculating the net pension liability and statutorily required employer contribution.

NET OPEB LIABILITY (SCHEDULE M-1)

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022. Please see Note 5 for details of assumptions used in calculating the OPEB liability.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Notes to Required Supplementary Information

Teachers Pension and Annuity Fund

For Fiscal Year Ended June 30, 2023

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

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 7.00% as of June 30, 2021 to 7.00% as of June 30, 2022. Please see Note 4 for details of assumptions used in calculating the net pension liability and statutorily required employer contribution.

NET OPEB LIABILITY (SCHEDULE M-1)

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022. Please see Note 5 for details of assumptions used in calculating the OPEB liability.

OTHER SUPPLEMENTARY INFORMATION

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

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2023

	ESSA Title I	ESSA Title I Carryover	ESSA Title III	I.D.E.A. Part B	I.D.E.A. PreSchool	ESSA Title II	ESSA Title IV	ESSA Title IV Carryover	CRRSA ESSER II	CRRSA ESSER II Acceleration
REVENUE SOURCES:										
Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State										
Federal	1,566,900	57,150	19,185	322,539	6,922	134,345	113,048		851,138	36,065
Total Revenues	1,566,900	57,150	19,185	322,539	6,922	134,345	113,048	-	851,138	36,065
EXPENDITURES:										
Instruction:										
Salaries	771,274	57,150	7,161				47,600			22,297
Salaries of Teachers	32,360								500,000	
Other Salaries for Instruction							30,768			
Purchased Prof/Tech Services							4,516			
Other Purchased Services	203,751		6,005				5,215			
General Supplies	30,081									
Other Objects										
Total Instruction	1,037,466	57,150	13,166	-	-	-	88,089	-	500,000	22,297
Support Services:										
Salaries			1,500	153,685		17,969				
Personal Services - Employee Benefits	359,873		895	74,303		1,529	4,728			13,768
Other Purchased Prof/Tech Services	100,989			94,551	6,922	83,581				
Miscellaneous (Other) Purchased Services	43,597		3,445			31,266	1,036			
Supplies and Materials	24,975		179							
Student Activities										
Total Support Services	529,434	-	6,019	322,539	6,922	134,345	5,764	-	-	13,768
Facilities Acquisition and Construction Services:										
Buildings									351,138	
Instructional Equipment							19,195			
Non-Instructional Equipment										
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	19,195	-	351,138	-
Total Expenditures	1,566,900	57,150	19,185	322,539	6,922	134,345	113,048	-	851,138	36,065
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 20, 2023

	CRRSA ESSER II Mental Health	ARP ESSER III	ARP Learning Coach	ARP Beyond School Day	ARP NJTSS Mental Health	SDA	ARP Homeless II	CSP Grant	Student Activities Fund	Grand Total
REVENUE SOURCES:										
Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 131,058	\$ 131,058
State										
Federal	21,178	2,459,055	35,400	40,000	32,501	239,418	16,830	1,111,781		239,418
Total Revenues	21,178	2,459,055	35,400	40,000	32,501	239,418	16,830	1,111,781	131,058	7,194,513
EXPENDITURES:										
Instruction:										
Salaries		563,620						86,420		1,545,079
Salaries of Teachers		203,663		37,157						283,623
Other Salaries for Instruction										500,000
Purchased Prof/Tech Services		85,697								116,455
Other Purchased Services		39,878								44,394
General Supplies		353,957						125,298		694,226
Other Objects										30,081
Total Instruction	-	1,246,815	-	37,157	-	-	-	211,718	-	3,213,858
Support Services:										
Salaries	21,178	264,288								607,566
Personal Services - Employee Benefits		441,569		2,843				123,728		1,009,996
Other Purchased Prof/Tech Services		90,129	35,400		32,501			119,104		519,073
Miscellaneous (Other) Purchased Services		56,921						75,000		136,265
Supplies and Materials		223,749							228	249,131
Student Activities									132,717	132,717
Total Support Services	21,178	1,076,656	35,400	2,843	32,501	-	16,830	317,832	132,717	2,654,748
Facilities Acquisition and Construction Services:										
Buildings		31,931				239,418				622,487
Instructional Equipment		103,653						46,220		169,068
Non-Instructional Equipment								536,011		536,011
Total Facilities Acquisition and Construction Services	-	135,584	-	-	-	239,418	-	582,231	-	1,327,566
Total Expenditures	21,178	2,459,055	35,400	40,000	32,501	239,418	16,830	1,111,781	132,717	7,196,172
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	(1,659)	(1,659)
Fund Balance, July 1	-	-	-	-	-	-	-	-	62,655	62,655
Fund Balance, June 30	-	-	-	-	-	-	-	-	60,996	60,996

**SECTION G – PROPRIETARY FUNDS
DETAIL STATEMENTS**

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

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

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

STATISTICAL SECTION (UNAUDITED)

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

Contents

Financial Trends

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

Revenue Capacity (Not Applicable To Charter School)

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

FINANCIAL TRENDS

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

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

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities										
Net Invested in Capital Assets	\$ 5,881,612	\$ 6,003,870	\$ 2,657,399	\$ (2,780,617)	\$ 2,957,544	\$ 1,879,110	\$ 2,322,299	\$ 2,397,709	\$ 1,839,880	\$ 275,580
Restricted	60,996	62,655	80,766	-	-	-	-	-	-	-
Unrestricted	9,106,298	4,442,132	1,697,233	8,191,672	(879,484)	(2,289,652)	(4,558,757)	(4,502,942)	(3,655,292)	3,058,045
Total Governmental Activities Net Assets/Position	\$ 15,048,906	\$ 10,508,657	\$ 4,435,398	\$ 5,411,055	\$ 2,078,060	\$ (410,542)	\$ (2,236,458)	\$ (2,105,233)	\$ (1,815,412)	\$ 3,333,625
Business-Type Activities										
Net Invested in Capital Assets	\$ 112,396	\$ 139,590	\$ 113,418	\$ 136,255	\$ 132,430	\$ 152,613	\$ 63,267	\$ 83,253	\$ 83,253	\$ 32,465
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	633,535	556,666	310,319	211,977	210,866	84,192	107,209	116,858	164,905	127,807
Total Business-Type Activities Net Assets/Position	\$ 745,931	\$ 696,256	\$ 423,737	\$ 348,232	\$ 343,296	\$ 236,805	\$ 170,476	\$ 200,111	\$ 248,158	\$ 160,272
Charter School-wide										
Net Invested in Capital Assets	\$ 5,994,008	\$ 6,143,460	\$ 2,770,817	\$ (2,644,362)	\$ 3,089,974	\$ 2,031,723	\$ 2,385,566	\$ 2,480,962	\$ 1,923,133	\$ 308,045
Restricted	60,996	62,655	80,766	-	-	-	-	-	-	-
Unrestricted	9,739,833	4,998,798	2,007,552	8,403,649	(668,618)	(2,205,460)	(4,451,548)	(4,386,084)	(3,490,387)	3,185,852
Total Charter School-wide Net Assets/Position	\$ 15,794,837	\$ 11,204,913	\$ 4,859,135	\$ 5,759,287	\$ 2,421,356	\$ (173,737)	\$ (2,065,982)	\$ (1,905,122)	\$ (1,567,254)	\$ 3,493,897

Source: Annual Comprehensive Financial Report

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

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

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental Activities:										
Instruction	\$ 18,031,986	\$ 15,954,046	\$ 14,299,714	\$ 8,555,078	\$ 11,462,802	\$ 10,562,453	\$ 9,424,127	\$ 9,860,285	\$ 6,847,415	\$ 8,637,456
Administration	9,841,949	4,645,274	7,548,927	9,233,950	5,081,598	5,215,753	2,838,768	1,202,817	2,251,993	1,777,411
Support Services	7,605,805	5,932,162	7,489,550	5,814,655	6,779,507	6,397,018	4,527,508	6,082,347	6,643,465	6,280,683
Capital Outlay	1,167,079	-	2,730,009	193,707	151,901	150,770	728,617	170,135	360,546	70,174
Interest on Long-Term Debt	863,184	785,944	-	-	-	-	-	-	-	-
Unallocated Depreciation	-	78,089	69,288	69,288	39,366	36,645	13,547	13,548	-	-
Unallocated Amortization	1,946,822	1,946,822	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	<u>39,456,825</u>	<u>29,342,337</u>	<u>32,137,488</u>	<u>23,866,678</u>	<u>23,515,174</u>	<u>22,362,639</u>	<u>17,532,567</u>	<u>17,329,132</u>	<u>16,103,419</u>	<u>16,765,724</u>
Business-Type Activities:										
Food Service	1,487,342	1,318,873	566,419	858,485	946,122	942,626	789,966	829,566	660,550	802,848
Total Business-Type Activities Expenses	<u>1,487,342</u>	<u>1,318,873</u>	<u>566,419</u>	<u>858,485</u>	<u>946,122</u>	<u>942,626</u>	<u>789,966</u>	<u>829,566</u>	<u>660,550</u>	<u>802,848</u>
Total Charter School Expenses	<u>\$ 40,944,167</u>	<u>\$ 30,661,210</u>	<u>\$ 32,703,907</u>	<u>\$ 24,725,163</u>	<u>\$ 24,461,296</u>	<u>\$ 23,305,265</u>	<u>\$ 18,322,533</u>	<u>\$ 18,158,698</u>	<u>\$ 16,763,969</u>	<u>\$ 17,568,572</u>
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 131,058	\$ 72,583	\$ 23,510	\$ -	\$ -	\$ 493,022	\$ -	\$ -	\$ -	\$ -
Operating Grants and Contributions	872,403	829,500	878,031	876,868	871,025	876,868	325,050	201,668	258,791	305,903
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Revenues	<u>1,003,461</u>	<u>902,083</u>	<u>901,541</u>	<u>876,868</u>	<u>871,025</u>	<u>493,022</u>	<u>325,050</u>	<u>201,668</u>	<u>258,791</u>	<u>305,903</u>
Business-Type Activities:										
Charges for Services	63,721	1,086	-	45,165	59,630	61,913	48,176	95,710	67,882	89,336
Operating Grants and Contributions	1,453,405	1,452,616	641,816	815,460	990,242	939,662	711,726	685,445	680,228	681,925
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Revenues	<u>1,517,126</u>	<u>1,453,702</u>	<u>641,816</u>	<u>860,625</u>	<u>1,049,872</u>	<u>1,001,575</u>	<u>759,902</u>	<u>781,155</u>	<u>748,110</u>	<u>771,261</u>
Total Charter School Program Revenues	<u>\$ 2,520,587</u>	<u>\$ 2,355,785</u>	<u>\$ 1,543,357</u>	<u>\$ 1,737,493</u>	<u>\$ 1,920,897</u>	<u>\$ 1,494,597</u>	<u>\$ 1,084,952</u>	<u>\$ 982,823</u>	<u>\$ 1,006,901</u>	<u>\$ 1,077,164</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (38,423,580)	\$ (28,440,254)	\$ (31,235,947)	\$ (22,989,810)	\$ (22,644,149)	\$ (21,869,617)	\$ (17,207,517)	\$ (17,127,464)	\$ (15,844,628)	\$ (16,459,821)
Business-Type Activities	29,784	134,829	75,397	2,140	103,750	58,949	(30,064)	(48,411)	87,560	(31,587)
Total Charter School-wide Net Expense	<u>\$ (38,423,580)</u>	<u>\$ (28,305,425)</u>	<u>\$ (31,160,550)</u>	<u>\$ (22,987,670)</u>	<u>\$ (22,540,399)</u>	<u>\$ (21,810,668)</u>	<u>\$ (17,237,581)</u>	<u>\$ (17,175,875)</u>	<u>\$ (15,757,068)</u>	<u>\$ (16,491,408)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
General Purposes	\$ 3,656,362	\$ 2,989,371	\$ 2,678,949	\$ 2,235,952	\$ 2,249,229	\$ 1,952,112	\$ 1,473,761	\$ -	\$ -	\$ -
Federal and State Aid Not Restricted	38,802,354	32,940,077	27,302,478	23,938,979	22,775,881	21,866,204	15,516,254	16,775,873	16,634,274	16,507,691
Investment Earnings	346,412	5,999	3,338	50,738	67,193	17,458	1,741	2,292	2,949	209
Miscellaneous Income	188,485	47,558	158,065	97,136	40,448	31,602	82,536	59,478	46,909	3,675
Total Governmental Activities	<u>42,993,613</u>	<u>35,983,005</u>	<u>30,142,830</u>	<u>26,322,805</u>	<u>25,132,751</u>	<u>23,867,376</u>	<u>17,076,292</u>	<u>16,837,643</u>	<u>16,684,132</u>	<u>16,511,575</u>
Business-Type Activities:										
Investment Earnings	19,891	729	108	2,796	2,741	1,028	429	364	326	-
Miscellaneous Income	19,891	136,961	108	2,796	2,741	1,028	429	364	326	51
Total Business-Type Activities	<u>39,782</u>	<u>137,690</u>	<u>216</u>	<u>5,592</u>	<u>5,482</u>	<u>2,056</u>	<u>858</u>	<u>728</u>	<u>652</u>	<u>56</u>
Total Charter School-wide	<u>\$ 43,013,504</u>	<u>\$ 36,120,695</u>	<u>\$ 30,142,938</u>	<u>\$ 26,328,401</u>	<u>\$ 25,138,233</u>	<u>\$ 23,868,404</u>	<u>\$ 17,077,150</u>	<u>\$ 16,838,077</u>	<u>\$ 16,684,784</u>	<u>\$ 16,511,631</u>
Change in Net Position										
Governmental Activities	\$ 4,540,249	\$ 7,542,751	\$ (1,093,117)	\$ 3,332,995	\$ 2,488,602	\$ 1,997,759	\$ (131,225)	\$ (289,821)	\$ 839,504	\$ 51,754
Business-Type Activities	49,675	272,519	75,505	4,936	106,491	59,977	(29,635)	(48,047)	87,886	(31,536)
Total Charter School	<u>\$ 4,589,924</u>	<u>\$ 7,815,270</u>	<u>\$ (1,017,612)</u>	<u>\$ 3,337,931</u>	<u>\$ 2,595,093</u>	<u>\$ 2,057,736</u>	<u>\$ (160,860)</u>	<u>\$ (337,868)</u>	<u>\$ 927,390</u>	<u>\$ 20,218</u>

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

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Restricted	\$ 2,301	\$ 24,324	\$ -	\$ -	\$ 30,649	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	13,589,650	9,252,701	7,283,346	7,490,436	4,828,028	3,386,577	1,044,596	742,434	1,242,964	3,132,545
Total General Fund	\$ 13,591,951	\$ 9,277,025	\$ 7,283,346	\$ 7,490,436	\$ 4,858,677	\$ 3,386,577	\$ 1,044,596	\$ 742,434	\$ 1,242,964	\$ 3,132,545
All Other Governmental Funds										
Restricted	\$ 60,996	\$ 62,655	\$ 80,766	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 60,996	\$ 62,655	\$ 80,766	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Source: Annual Comprehensive Financial Report

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

Fiscal Year Ending June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Local Sources:										
Local Tax Levy	\$ 3,656,362	\$ 2,989,371	\$ 2,678,949	\$ 2,235,952	\$ 2,249,229	\$ 1,952,112	\$ 1,473,761	\$ 1,632,630	\$ 1,522,718	\$ 1,550,128
Interest In Investments	346,412	5,999	3,338	50,738	67,193	17,458	1,741	2,292	2,949	209
Miscellaneous	319,543	120,141	181,575	97,136	40,448	31,602	82,536	59,478	46,909	3,675
State Sources	30,182,789	25,933,332	23,296,391	21,906,330	20,588,237	19,118,203	14,923,616	14,425,628	14,473,354	14,381,872
Federal Sources	6,911,863	4,472,462	2,507,873	1,519,326	1,514,083	1,147,123	919,688	919,283	896,993	881,594
Total Revenues	41,416,969	33,521,305	28,668,126	25,809,482	24,459,190	22,266,498	17,401,342	17,039,311	16,942,923	16,817,478
Expenditures:										
Instruction	12,507,501	10,453,446	9,503,655	8,408,505	7,885,569	7,466,755	6,244,705	6,951,105	7,039,449	6,849,254
Administration	13,967,709	12,075,787	9,993,739	8,763,226	7,514,083	6,483,271	5,481,434	5,118,073	5,299,539	4,759,928
Support Services	5,964,811	4,834,066	6,518,474	5,810,256	6,087,606	5,766,121	4,644,424	4,707,895	5,234,039	5,011,868
Capital Outlay	4,663,681	15,863,364	2,896,042	195,736	1,499,832	208,370	728,617	762,768	1,259,477	70,174
Total Expenditures	37,103,702	43,226,663	28,911,910	23,177,723	22,987,090	19,924,517	17,099,180	17,539,841	18,832,504	16,691,224
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,313,267	(9,705,358)	(243,784)	2,631,759	1,472,100	2,341,981	302,162	(500,530)	(1,889,581)	126,254
Other Financing Sources (Uses):										
Lease Purchase	-	13,150,418	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	13,150,418	-	-	-	-	-	-	-	-
Net Change in Fund Balance	\$ 4,313,267	\$ 3,445,060	\$ (243,784)	\$ 2,631,759	\$ 1,472,100	\$ 2,341,981	\$ 302,162	\$ (500,530)	\$ (1,889,581)	\$ 126,254

Source: Annual Comprehensive Financial Report

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

General Fund - Other Local Revenue by Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

Unaudited

Fiscal Year Ending June 30,	Donations and Contributions	Rentals	Prior Year Refunds	Miscellaneous Revenue	Annual Total
2023	\$ 18,500	\$ -	\$ 136,739	\$ 33,246	\$ 188,485
2022	-	-	-	47,558	47,558
2021	-	2,000	10,118	145,947	158,065
2020	5,000	3,000	12,849	76,287	97,136
2019	-	-	-	40,448	40,448
2018	-	-	3,805	27,797	31,602
2017	-	-	746	81,790	82,536
2016	-	-	230	59,248	59,478
2015	168	-	2,697	44,044	46,909
2014	-	600	150	2,925	3,675

Source: Charter School records

OPERATING INFORMATION

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

Function	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Instruction	130	128	125	122	106	112	107	99	98	98
Administrative	20	17	15	20	14	14	10	10	12	12
Support Services	125	100	82	66	63	52	51	50	59	68
Food Service	2	2	1	1	1	1	1	2	2	3
Total	277	247	223	209	184	179	169	161	171	181

Source: Charter School Personnel Records

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Average Daily		Average Daily Attendance (ADA) ^c	Percent Change in Average Daily Enrollment	Student Attendance Percentage
							Enrollment (ADE) ^c	Enrollment			
2023	1628	\$ 32,440,021	\$ 19,926	9.38%	128	1:12	1614.80	1476.81	1476.81	7.58%	91.45%
2022	1502	27,363,299	18,218	7.42%	128	1:12	1492.40	1417.79	1417.79	-2.76%	95.00%
2021	1534	26,015,868	16,959	9.73%	125	1:12	1533.60	1417.79	1417.79	3.04%	92.45%
2020	1487	22,981,987	15,455	3.14%	122	1:13	1487.00	1440.90	1440.90	3.56%	96.90%
2019	1434	21,487,258	14,984	5.49%	106	1:12	1434.00	1390.00	1390.00	3.33%	96.93%
2018	1388	19,716,147	14,205	-7.33%	107	1:11	1386.20	1320.64	1320.64	22.95%	95.27%
2017	1068	16,370,563	15,328	-3.06%	101	1:11	1068.00	1051.46	1051.46	0.48%	98.45%
2016	1061	16,777,073	15,813	-5.97%	99	1:11	1062.90	1022.58	1022.58	1.44%	96.21%
2015	1045	17,573,027	16,816	4.61%	98	1:11	1047.60	1007.55	1007.55	1.29%	96.18%
2014	1034	16,621,050	16,075	9.44%	98	1:11	1034.10	1037.95	1037.95	-0.86%	100.37%

Sources: Charter School records

Note: Enrollment based on annual October Charter School count.

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

School Building Information
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Charter School Building</u>										
<u>K-1 Campus</u>										
Square Feet	34,000	34,000	34,000	34,000	34,000	30,000				
Capacity (students)	288	288	288	288	288	288				
Enrollment	288	288	288	288	284	288				
<u>2-3 Campus</u>										
Square Feet	20,000									
Capacity (students)	288									
Enrollment	288									
<u>4-7 Campus</u>										
Square Feet	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000
Capacity (students)	576	576	576	576	576	528	564	564	564	564
Enrollment	576	670	670	624	562	526	564	555	555	560
<u>8-12 Campus</u>										
Square Feet	87,200	87,200	87,200	87,200	87,200	87,200	87,200	87,200	87,200	103,000
Capacity (students)	576	576	576	576	576	576	504	504	504	504
Enrollment	476	576	576	575	544	573	504	490	490	474

Number of Schools at June 30, 2023
Elementary/Middle School = 3 (Grades K-7)
High School/Middle School = 1 (Grades 8-12)

Source: Charter School Facilities Office

Note: Increases in square footage and capacity are the result of additions.
Enrollment is based on the annual October Charter School count.



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

Policy Number: P876AN

Premium: \$120,066.90

Named Insured:

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

Agent:

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

Policy Term: 07/01/2022 to 07/01/2023 12:01 AM Eastern Standard Time

Article I - Property

Real and Personal Property	\$500,000,000 per occurrence NJSIG Limit
Extra Expense	\$50,000,000 per occurrence NJSIG Limit
Valuable Papers and Records	\$10,000,000 per occurrence NJSIG Limit
Demolition and Increased Cost of Construction	\$25,000,000 per occurrence NJSIG Limit
Loss of Rents	\$10,000 per occurrence
Loss of Business Income/Tuition	\$20,000 per occurrence
Limited Builders Risk	\$10,000,000 per occurrence NJSIG Limit
Fire Department Service Charge	\$10,000 per occurrence
Arson Reward	\$10,000 per occurrence
Pollutant Cleanup and Removal	\$250,000 per occurrence/ NJSIG annual aggregate
Fine Arts	Not Covered
Sublimits: Special Flood Hazard Area Flood Zones	\$25,000,000 per occurrence/ NJSIG annual aggregate
Accounts Receivable	\$250,000 per occurrence/annual aggregate
Flood (All Flood Zones)	\$75,000,000 per occurrence /NJSIG annual aggregate
Earthquake	\$50,000,000 per occurrence /NJSIG annual aggregate
Terrorism	\$1,000,000 per occurrence /NJSIG annual aggregate
The limits and sublimits are subject to the Shared Coverage provision in NJSIG-P1, Article I., Section C. Loss Conditions, 15.C.	
Deductibles:	
Real & Personal	\$1,000 per occurrence
Extra Expense	\$1,000 per occurrence
Valuable Papers	\$1,000 per occurrence
Special Flood Hazard Area Flood Deductibles:	\$500,000 per building
	\$500,000 per building contents
All Other Flood Zones Flood Deductible:	\$10,000 per member/per occurrence



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

Policy Number: P876AN

Article II - Electronic Data Processing

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

Terrorism Included in Property

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

Deductible: \$1,000 per occurrence

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

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

Article III - Equipment Breakdown

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

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

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



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

Policy Number: P876AN

Article IV - Crime

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



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

Policy Number: P876AN

Article V - Comprehensive General Liability

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



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

Policy Number: P876AN

Article VI - Automobile

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



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

Policy Number: P876AN

Applicable Policy Forms

NJSIG-P1 (7/22); NJSIG-PJLA (7/017); NJSIG-PPCA (7/14); NJSIG-PLR (7/17); NJSIG-DICC (7/15); NJSIG-P2 (7/17);
NJSIG-BI (7/13); NJSIG-PGYM (07/08); NJSIG EDE (7/14)

NJSIG-EDP (7/18)

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

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

NJSIG-G0 (7/22); NJSIG-G1 (7/21); NJSIG-G2 (7/17); NJSIG-G3 (7/17); NJSIG-GMP1 (7/17)

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

NJSIG-D-PKG (7/22)

NJSIG-CPKG (7/15)

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

NJSIG Executive Director

NJSIG-D-PKG (7/22)

Page 6 of 6



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

Policy Number: E876AN

Premium: \$64,049.40

Named Insured:

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

Agent:

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

Policy Term: July 1, 2022 to July 1, 2023 12:01 AM Eastern Standard Time

Coverage A

Limit of Liability

NJSIG

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

QBE Specialty Ins. Co.

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

Deductible

\$5,000 each claim

Coverage B

Limit of Liability

\$100,000 each claim

\$300,000 each policy period

Deductible

\$5,000 each claim

Communicable Disease Outbreak Limit

\$1,000,000 per claim/

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

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

Retroactive Dates for Coverages A & B

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

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

Policy Forms: NJSIG-E1 (7/22)

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

NJSIG Executive Director

NJSIG-D-EO (7/22)

Page 1 of 1



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

Workers' Compensation and Employers' Liability Declarations Page

Policy Number: W876AN **Premium:** \$95,839.01

Named Insured:

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

Agent:

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

Policy Term: 07/01/2022 to 07/01/2023 12:01 AM Eastern Standard Time

Estimated Professional & Clerical Payroll	\$14,941,296.00
Estimated Non-Professional Payroll	\$284,058.00
Experience Modifier	0.6780
ERIC West Discount	0.5570

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

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

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

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

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

NJSIG Executive Director



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

Named Insured: Paterson Charter School for Science and Technology

Policy No.: 876AN-01

Policy Period: 07/01/2022 to 07/01/2023

Fine Arts Value: \$0

Business Income Value \$20,000

Loss of Rents Value: \$10,000

EDP Value (\$500,000,000 -Pool OCC Limit):

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

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

Bldg #	Description	Address	Flood Zone	Territory	Protection Class	Square Feet	Effective Date	Building Value		Builders Risk Value	Total Insured Value
								Year Built	Expiration Date		
6	Paterson Charter School of Science & Tech (Grades 8-12)(Leased)	194-204 West Railway Avenue Paterson, NJ 07503	X	Inland Replacement Cost	Masonry Non-Combustible	87200	07/01/2022	\$18,660,800	\$2,375,000		\$21,035,800
1	Paterson Charter School of Science & Tech (Grades 4-7)(Leased)	276 Wabash Avenue Paterson, NJ 07503	X	Inland Replacement Cost	Masonry Non-Combustible	68000	07/01/2022	\$14,552,000	\$725,000		\$15,277,000
8	Storage Trailer	276 Wabash Avenue Paterson, NJ 07503	X	Inland Replacement Cost	Misc Property	0	07/01/2022		\$0	\$7,800	\$7,800
9	Elementary School (Grades 2-3) (Leased Copier \$9,008)	39-53 East 34th Street Paterson, NJ 07503	X	Inland Replacement Cost	Non-Combustible	18276	07/01/2022	\$5,000,000	\$409,008		\$5,409,008



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

Named Insured: Paterson Charter School for Science and Technology

Policy No.: 876AN-01

Policy Period: 07/01/2022 to 07/01/2023

Bldg #	Description	Address	Flood Zone	Territory Valuation Basis	Protection Class Construction Type	Square Feet Year Built	Effective Date Expiration Date	Building Value		Builders Risk Value		Total Insured Value
								Contents Value	Misc Prop Value	Misc Prop Value		
7	Paterson Charter School of Science & Tech (Grades K-1 (Leased Copiers \$67,265)	55 Main Street Paterson , NJ 07505	AE	Inland Replacement Cost	Masonry Non-Combustible	30400 1960	07/01/2022 07/01/2023	\$7,344,000 \$367,265				\$7,711,265
Policy Totals								\$45,556,800 \$3,876,273		\$0 \$7,800		\$49,440,873



New Jersey Schools Insurance Group

Schedule of Automobiles

Named Insured: Paterson Charter School for Science and Technology

Policy No.: 876AN-01

Policy Period: 07/01/2022 to 07/01/2023

Vehicle #	Year	Make	Model	Vin	Effective Date	Expiration Date	Cost New	ACV/RCV	AL	APD
1	2011	Ford	F150 Truck	E03404	07/01/2022	07/01/2023	\$26,523	Actual Cash Value	YES	YES
2	2019	Ford	Transit Van	B68019	07/01/2022	07/01/2023	\$30,649	Actual Cash Value	YES	YES

NOTICE:

This Schedule of Automobiles encompasses all vehicles that are covered during the 07/01/2022 to 07/01/2023 policy period. This is a scheduled vehicle policy, which means that every vehicle must be listed on this schedule in order for coverage to apply. If additional vehicles are purchased during the policy period you must notify your broker or NJSIG Member Services Representative immediately in order for coverage to apply. Also, each vehicle that is removed from service during the policy period must also be reported to your broker or NJSIG Member Services Representative immediately to ensure that the District promptly receives any return premium due.

CHUBB®

Endorsement

NJ School Boards Supplemental Indemnity Program

Effective Date: 07/01/2022

Policy Number: 9907-15-88

Policyholder: **New Jersey Schools Insurance Group**

Policy Period: 07/01/2022 to 07/01/2023

Name of Company: **Federal Insurance Company**

Issue Date: 10/02/2022

It is agreed that the Policy is amended as follows: \$4,847.50 the following Member School Board has elected coverage under this Policy:

Paterson Charter School for Science and Technology

Effective Date: 07/01/2022

Plan Elimination Period selected: 7 days

All other terms and conditions of the policy remain unchanged.



Authorized Representative

Berkley Life and Health Insurance Company



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

ADMINISTRATIVE CHANGE RIDER

This Rider is attached to and made a part of Policy Number KSA L404008053310 issued to Paterson Charter School (the Policyholder).

Effective 09/01/2022, the Policy is renewed and **SCHEDULE OF BENEFITS** in the Policy is amended as follows:

The **POLICY PERIOD** is changed to 09/01/2022 to 09/01/23.

The **POLICY NUMBER** is changed to KSA L404008053311 and the **PREMIUM** is **Class 1, \$72.00; Class 2, \$12.00.**

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

Signed for the Company:

President

Secretary

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

**CONTINUATION
CERTIFICATE**

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

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

on behalf of Christopher Lessard

595 Mountain View Avenue Nazareth, PA 18064

in favor of Paterson Charter School for Science and Technology

for the (extended) term beginning on the 1st, day of July, 2022

and ending on the 1st day of July, 2023 subject to all

the covenants and conditions of said Bond/Policy.

This continuation is executed upon the express condition that the Company's liability under said bond/Policy and this and all continuations thereof shall not be cumulative and shall in no event exceed

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

IN WITNESS WHEREOF, the Company has caused this instrument to be signed by its officers proper for the purpose and its corporate seal to be hereto affixed this 5th day of April, 2022.

SELECTIVE INSURANCE COMPANY OF AMERICA

By Timothy A. Marchio

Attorney-in-Fact
Timothy A. Marchio





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

BondNo.B 1241687

POWER OF ATTORNEY

School Treasurer

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

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

does hereby appoint Timothy A. Marchio

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

Signed this 5th day of April, 2022

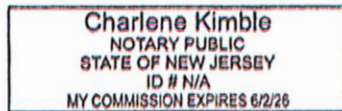
SELECTIVE INSURANCE COMPANY OF AMERICA

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



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

On this 5th day of April, 2022 before me, the undersigned officer, personally appeared Brian C. Sarisky, who acknowledged himself to be the Vice President of SICA, and that he, as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation as himself as Senior Vice President and that the same was his free act and deed and the free act and deed of SICA.



[Signature]
Notary Public



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

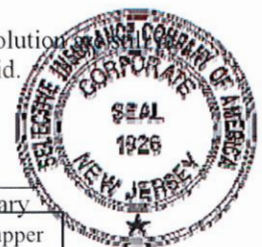
"RESOLVED, the Board of Directors of Selective Insurance Company of America authorizes and approves the use of a facsimile corporate seal, facsimile signatures of corporate officers and notarial acknowledgements thereof on powers of attorney for the execution of bonds, recognizances, contracts of indemnity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

CERTIFICATION

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

Signed this 5th day of April, 2022

[Signature]
Michael H. Lanza, SICA Corporate Secretary



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

B91 (4-14)

CERTIFIED COPY

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

PUBLIC OFFICIAL BOND

Bond No. **B 1248329**

Know All Men By These Presents:

That **Anmet Anar**
of **253 Ratzer Road Wayne, NJ 07470** (hereinafter)
called the Principal) and the Selective Insurance Company of America (hereinafter called the Surety) a
corporation under the laws of the State of New Jersey, with its principal office in the City of Branchville
and the State of New Jersey are held and firmly bound unto

Paterson Charter School for Science and Technology

(hereinafter called the Obligee) in the sum of **Two Hundred Thousand Dollars**

Dollars (\$ **200,000.00**) for the payment whereof to the Obligee the Principal binds himself,
his heirs, executors, administrators and assigns, and the Surety binds itself, its successors and assigns,
jointly and severally, firmly by these presents.

Signed, sealed, and dated this **30th** day of **June** **2021** .

Whereas the above-named Principal has been duly appointed or elected to the office of:

School Business Administrator

Now, therefore, the condition of the foregoing obligation is such that if the Principal shall

during the period beginning on the **1st** day of **July** , **2021** and ending
on the **1st** day of **July** , **2022** faithfully perform such duties as
may be imposed on him by law and shall honestly account for all money that may come into his hands in
his official capacity during such period, then this obligation shall be void; otherwise it shall remain in
force.

Witness:

(as to the Principal)

Anmet Anar
Selective Insurance Company of America
By: _____
Attorney-in-Fact
Kevin Sayle



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

Bond No. B 1248329

POWER OF ATTORNEY

School Business Administrator

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

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

does hereby appoint **Kevin Sayle**

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

Signed this 30th day of June, 2021

SELECTIVE INSURANCE COMPANY OF AMERICA

By:

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



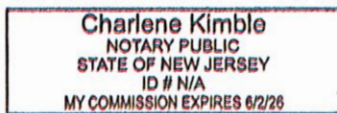
CERTIFIED COPY

STATE OF NEW JERSEY :

:ss. Branchville

COUNTY OF SUSSEX :

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



Notary Public



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

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

CERTIFICATION

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

Signed this 30th day of June, 2021

Michael H. Lanza, SICA Corporate Secretary



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

B91 (4-14)



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

BondNo.B 1248329

STATEMENT OF FINANCIAL CONDITION

School Business Administrator

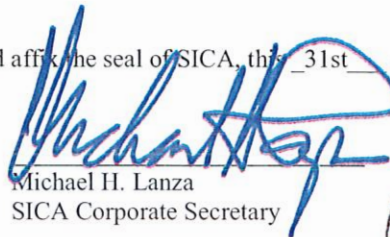
I hereby certify that the following information is contained in the Annual Statement of Selective Insurance Company of America ("SICA") to the New Jersey Department of Banking and Insurance as of December 31, 2020:

<u>ADMITTED ASSETS (in thousands)</u>		<u>LIABILITIES AND SURPLUS (in thousands)</u>	
Bonds	\$1,855,333	Reserve for losses and loss expenses	\$1,177,906
Preferred stocks at convention value	15,987	Reserve for unearned premiums	463,277
Common stocks at convention values	99,311	Provision for unauthorized reinsurance	918
Subsidiary common stock at convention values	0	Commissions payable and contingent commissions	33,303
Short-term investments	96,406	Other accrued expenses	29,157
Mortgage loans on real estate (including collateral loans)	58,676	Other liabilities	<u>396,327</u>
Other invested assets	129,613	Total liabilities	2,100,888
Interest and dividends due or accrued	14,867		
Premiums receivable	415,446	Surplus as regards policyholders	<u>739,406</u>
Other admitted assets	<u>154,655</u>		
Total admitted assets	<u>2,840,294</u>	Total liabilities and surplus as regards policyholders	<u>2,840,294</u>

I further certify that the following is a true and exact excerpt from Article VII, Section 1 of the By-Laws of SICA, which is still valid and existing.

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

IN WITNESS WHEREOF, I hereunto subscribe my name and affix the seal of SICA, this 31st day of March, 2021.


 Michael H. Lanza
 SICA Corporate Secretary



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

On this 31st day of March, 2021, before me, the undersigned officer, personally appeared Michael H. Lanza, who acknowledged himself to be the Corporate Secretary of SICA, and that he, as such Corporate Secretary, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Corporate Secretary.



DIANE MERCER
 NOTARY PUBLIC
 STATE OF NEW JERSEY
 MY COMMISSION EXPIRES FEB. 17, 2022


 Notary Public
 My Commission Expires:



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

CONTINUATION CERTIFICATE

Principal:
Paterson Charter School for Science & Technology

Bond No.: BLYD079908 **Date:** October 27, 2022

196 W. Railway Ave.

Continuation Term: License or Permit Bond
From: October 26, 2022 **To:** October 26, 2023

Paterson NJ 07053

Obligee:
State of New Jersey, Dept. of Education
Office of Charter & Renaissance Schools
Trenton NJ 08625

Agent:
CBIZ Insurance Services, Inc.
219 South St
New Providence, NJ 07974-2100

Bond Amount: \$ \$75,000.00

Premium: \$ \$750.00

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

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

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

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



The Hanover Insurance Company

DocuSigned by:
By: Cassandra Curington
Attorney-In-Fact
6F301AAB8716434...

CC: 4106705

DocuSign Envelope ID: 66A68A1E-CF93-4FFD-A0DD-B87DA907E5C5



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

BOND EXECUTION REPORT AND INVOICE

The Hanover Insurance Company
 440 Lincoln St
 Worcester, MA 01653
 CBIZ Insurance Services, Inc.
 219 South St
 New Providence, NJ 07974-2100

Paterson Charter School for Science & Technology
 196 W. Railway Ave.
 Paterson, NJ 07053
 Agency Code #: 4106705
 Agency Telephone No.: 908-738-2050

Bond Number: BLYD079908 Date of Billing: October 27, 2022
 Type of Bond: License or Permit (Generic Oblige) Name of Oblige: State of New Jersey, Dept. of Education
 Bond Amount: \$75,000.00
 Written By: The Hanover Insurance Company
 Effective Date: October 26, 2022
 Expiration Date: October 26, 2023

Billing Type for this bond version: **B**
 (D = Direct Bill; B = Agency Bill)

Bond Premium: \$750.00
 State Surcharge: 0.00
Total Premium: \$750.00
 Commission: 30%

Thank you for using Hanover's BONDirect online point of sale application!

Agent: The INVOICE below may be used as a Billing Notice to your Customer.

INVOICE

Paterson Charter School for Science & Technology
 196 W. Railway Ave.
 Paterson, NJ 07053

Date of Invoice: October 27, 2022
 Bond Number: BLYD079908
 Type of Bond: License or Permit (Generic Oblige)
 Name of Oblige: State of New Jersey, Dept. of Education

CBIZ Insurance Services, Inc.
 219 South St
 New Providence, NJ 07974-2100

Bond Amount: \$75,000.00
 Written By: The Hanover Insurance Company
 Effective Date: October 26, 2022
 Expiration Date: October 26, 2023

Agency Code #: 4106705
 Agency Telephone No.: 908-738-2050

Premium Due: \$750.00



QBE INSURANCE CORPORATION

Administrative Office
55 Water Street
New York, NY 10041

RENEWAL AMENDMENT

This Amendment is attached to and made part of the Policy specified above. It is subject to all of the Policy provisions that do not conflict with its provisions.

Policyholder: Paterson Charter School
Policy No.: KHH000444
Amendment Effective Date: July 1, 2022

Policyholder and We hereby agree that the Policy and any Certificates delivered under the Blanket Accident Policy are amended as follows:

An Additional Policy Term is added to Page 1. This Additional Policy Term is

July 1, 2022 to July 1, 2023

Premium Guaranteed for the Additional Policy Term is \$12,950

This Premium Guarantee is subject to the *Cancellation* and *Premium Rate Change* sections of the *Administrative Provisions* of this Policy.

QBE Insurance Corporation

A handwritten signature in black ink, appearing to read "T. Jones", with a long horizontal stroke extending to the right.

Todd Jones, President

UNITED STATES FIRE INSURANCE COMPANY
5 Christopher Way, Eatontown, NJ 07724

AMENDATORY ENDORSEMENT

This Amendatory Endorsement is attached to and made a part of your Policy. The provisions of this Amendatory Endorsement are effective on the Effective Date of your Policy and will expire concurrently with your Policy, unless otherwise terminated. In consideration of issuance, the Policy is hereby amended and modified as follows:

Effective July 1, 2022, under Policy Number US1395180 Paterson Charter School, the Policy term is amended to read as follows:

Policy Effective Date: July 1, 2022

Policy Expiration Date: July 1, 2023

Policy Number: US1834644

Premium: \$4,779.00

Except as stated herein, this Amendatory Endorsement does not change coverage in any other way and is subject to all provisions, terms, and conditions of the Policy. If there is a conflict between the Policy and this Amendatory Endorsement, the terms of this Amendatory Endorsement will govern.

Signed For **UNITED STATES FIRE INSURANCE COMPANY** By:



Marc J. Adee
Chairman and CEO

SELECTIVE

BE UNIQUELY INSURED®

CBIZ INSURANCE SERVICES INC
219 SOUTH STREET SUITE 106
NEW PROVIDENCE, NJ 07974



OCTOBER 03, 2022

PATERSON CHARTER SCHOOL FOR SCIENCE & TECHNOLOGY
196 W RAILWAY AVE
PATERSON, NJ 07503

Subject: Your New Flood Insurance Policy from Selective

Policy Number: FLD2580993
Insured(s): PATERSON CHARTER SCHOOL FOR SCIENCE & TECHNOLOGY
Property Location: 53-59 MAIN ST
PATERSON, NJ 07505

Dear Valued Customer:

Thank you for choosing Selective for your flood insurance needs.

Enclosed you will find your Flood Policy Declarations Page, the National Flood Insurance Program's Summary of Coverage, Selective's Notice of Information Practices, and Claims Guidelines in Case of a Flood.

Please review your Declarations Page to ensure the information is accurate. Inaccurate information may impact your policy's premium. If any changes are needed, please contact your agency or email our customer service team: FloodCustomerService@selective.com. Questions regarding prior claims history must be directed to the Federal Emergency Management Agency (FEMA) at (877) 336-2627 or FEMAMapSpecialist@riskmapods.com.

If you find that your renewal premium is lower than the Full Risk Premium shown on your Declarations Page, this may be because your policy was previously rated using subsidized rates. FEMA has recently reformed its rating methodology. **This new rating methodology is commonly referred to as Risk Rating 2.0 (RR 2.0).** RR 2.0 utilizes equitable rates based on the value of your property and its exposure to flood risks. The Full Risk Premium shown on your Declarations Page is the total cost of flood insurance for your property calculated under RR 2.0. If your renewal premium is lower than the Full Risk Premium, as long as your policy does not lapse your annual premium increase will be capped at 18% until the renewal premium reaches the Full Risk Premium. For more information on RR 2.0, please visit www.SelectiveFlood.com.

To view your flood insurance policy, visit customer.myselectiveflood.com. If you would like a copy of the policy emailed or mailed to you, please contact our customer service team at (877) 348-0552 or selectivefloodpolicy@selective.com. Unless we hear from you, we will assume that you can view your policy through our customer website.

Don't forget to take advantage of our self-service capabilities by visiting our website customer.myselectiveflood.com. Our self-service site makes it easy for you to:

- Pay your renewal premium.
- Update your mailing address and other information on your policy.
- Sign up for electronic delivery of your flood insurance documents.
- Report and track the status of a flood claim and more.

We appreciate your business. Together with your agent, we look forward to serving you.

Sincerely,

Cassie Masone - Vice President Flood Operations
Selective Insurance Company of America

SELECTIVE

BE UNIQUELY INSURED®

CBIZ INSURANCE SERVICES INC
 219 SOUTH STREET SUITE 106
 NEW PROVIDENCE, NJ 07974

CLAIM GUIDELINES IN CASE OF A FLOOD

For the protection of you and your family, the following claim guidelines are provided by the National Flood Insurance Program (NFIP). If you are ever in doubt as to what action is needed, consult your insurance representative.

- Notify Selective Insurance or your insurance representative as soon as possible after the flood.
- If you have not been contacted by an adjuster within 24 - 48 hours after you reported the claim to your insurance representative please call Selective Insurance at (877) 348-0552.
- As soon as possible, separate damaged property from undamaged property so that damage can be inspected and evaluated.
- Discuss with the claims adjuster any need you may have for an advance or partial payment for your loss.
- To help the claims adjuster, try to take photographs of the outside of the premises showing the flooding and the damage and photographs of the inside of the premises showing the height of the water and the damaged property.
- Place all account books, financial records, receipts, and other loss verification material in a safe place for examination and evaluation by the claims adjuster.
- Work cooperatively and promptly with the claims adjuster to determine and document all claim items.
- Make sure that the claims adjuster fully explains, and that you fully understand, all allowances and procedures for processing claim payments on the basis of your proof of loss. This policy requires you to send us detailed proof of loss within 60 days after the loss.
- Coverage problems and claim allowance restrictions will be communicated directly from Selective Insurance or the NFIP. Claims adjusters are not authorized to approve or deny claims; their job is to report to the Selective Insurance or the NFIP on the elements of flood cause and damage.
- At our option, we may accept an adjuster's report of the loss instead of your proof of loss. The adjuster's report will include information about your loss and the damages to your insured property. You must sign the adjuster's report. At our option, we may require you to swear to the report.

Important Information About The National Flood Insurance Program (NFIP)

Federal law requires insurance companies that participate in the NFIP to provide you with the enclosed Summary of Coverage. It's important to understand that the Summary of Coverage only provides a general overview of the coverage afforded under your policy. You will need to review your flood insurance policy, Declarations Page, and any applicable endorsements for a complete description of your coverage. The enclosed Declarations Page indicates the coverage you purchased, your policy limits and amount of your deductible.

You will soon receive additional information about the National Flood Insurance Program from FEMA. This information will include a Claims Handbook, a history of flood losses that have occurred on your property as contained in FEMA's data base, and an acknowledgement letter.

SELECTIVE

BE UNIQUELY INSURED®

CBIZ INSURANCE SERVICES INC
219 SOUTH STREET SUITE 106
NEW PROVIDENCE, NJ 07974

Agency Phone: (908) 738-2050

NFIP Policy Number: 0002580993

Company Policy Number: FLD2580993

Agent:

CBIZ INSURANCE SERVICES INC CBIZ INSURANCE SERVICES INC

Payor: INSURED

Policy Term: 09/16/2022 12:01 AM - 09/16/2023 12:01 AM

Policy Form: GENERAL PROPERTY

To report a claim visit or call us at: <https://customer.myselectiveflood.com>
(877) 348-0552

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RENEWAL FLOOD INSURANCE POLICY DECLARATIONS

NATIONAL FLOOD INSURANCE PROGRAM

DELIVERY ADDRESS

PATERSON CHARTER SCHOOL FOR SCIENCE & TECHNOLOGY
196 W RAILWAY AVE
PATERSON, NJ 07503

INSURED NAME(S) AND MAILING ADDRESS

PATERSON CHARTER SCHOOL FOR SCIENCE & TECHNOLOGY
196 W RAILWAY AVE
PATERSON, NJ 07503

COMPANY MAILING ADDRESS

Selective Ins. Co. of New England
PO BOX 782747
PHILADELPHIA, PA 19178-2747

INSURED PROPERTY LOCATION

53-59 MAIN ST
PATERSON, NJ 07505

RATING INFORMATION

BUILDING OCCUPANCY: NON-RESIDENTIAL BUILDING
NUMBER OF UNITS: N/A
PRIMARY RESIDENCE: NO
PROPERTY DESCRIPTION: BASEMENT (NON-ELEVATED), 2 FLOOR(S), MASONRY CONSTRUCTION
PRIOR NFIP CLAIMS: 0 CLAIM(S)

BUILDING DESCRIPTION: OTHER NON-RESIDENTIAL TYPE
BUILDING DESCRIPTION DETAIL: SCHOOL

REPLACEMENT COST VALUE: \$2,200,000
DATE OF CONSTRUCTION: 01/01/1948

CURRENT FLOOD ZONE: AE
FIRST FLOOR HEIGHT (FEET): 3.9
FIRST FLOOR HEIGHT METHOD: FEMA DETERMINED

MORTGAGEE / ADDITIONAL INTEREST INFORMATION

FIRST MORTGAGEE:

LOAN NO: N/A

SECOND MORTGAGEE:

LOAN NO: N/A

ADDITIONAL INTEREST:

LOAN NO: N/A

DISASTER AGENCY:

CASE NO: N/A

DISASTER AGENCY: N/A

RATE CATEGORY — RATING ENGINE

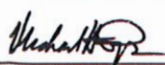
	COVERAGE	DEDUCTIBLE
BUILDING:	\$500,000	\$50,000
CONTENTS:	\$150,000	\$50,000

COVERAGE LIMITATIONS MAY APPLY. SEE YOUR POLICY FORM FOR DETAILS.
Please review this declaration page for accuracy. If any changes are needed, contact your agent.
Notes: The "FULL RISK PREMIUM" is for this policy term only. It is subject to change annually if there is any change in the rating elements. Your property's NFIP flood claims history can affect your premium, for questions please contact your agency. "MITIGATION DISCOUNTS" may apply if there are approved flood vents and/or the machinery & equipment is elevated appropriately. To learn more about your flood risk, please visit FloodSmart.gov/floodcosts.

COMPONENTS OF TOTAL AMOUNT DUE

BUILDING PREMIUM:	\$10,465.00
CONTENTS PREMIUM:	\$2,802.00
INCREASED COST OF COMPLIANCE (ICC) PREMIUM:	\$75.00
MITIGATION DISCOUNT:	(\$0.00)
COMMUNITY RATING SYSTEM REDUCTION:	(\$0.00)
FULL RISK PREMIUM:	\$13,342.00
ANNUAL INCREASE CAP DISCOUNT:	(\$3,456.00)
STATUTORY DISCOUNTS:	(\$0.00)
DISCOUNTED PREMIUM:	\$9,886.00
RESERVE FUND ASSESSMENT:	\$1,779.00
HFIAA SURCHARGE:	\$250.00
FEDERAL POLICY FEE:	\$47.00
PROBATION SURCHARGE:	\$0.00
TOTAL ANNUAL PREMIUM:	\$11,962.00

IN WITNESS WHEREOF, I have signed this policy below and enter in to this Insurance Agreement



Michael H. Lanza / Secretary



John Marchioni / Chairman, President & CEO

This declarations page along with the Standard Flood Insurance Policy Form constitutes your flood insurance policy.

Zero Balance Due - This Is Not A Bill

Policy issued by: Selective Ins. Co. of New England

Insurer NAIC Number: 11867



File: 21256416

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DocID: 176867489

Printed 10/03/2022

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NOTICE OF INFORMATION PRACTICES (LONG FORM)

MISC-798 06 01

Your application or information you provide in connection with a claim is our major source of information. However, in order to evaluate your application for insurance, to service your policy or to process a claim, we may ask for additional information about you and any person who will be insured under this policy or who is the subject of the claim. This is sometimes necessary to make certain that the statements on your application are accurate or to process the claim. We may also need more details than you have already given us.

INFORMATION WE COLLECT

In connection with an application, the information that we may collect will enable us to make possible judgments about your character, habits, hobbies, finances, occupation, general reputation, health or other personal characteristics. In connection with a claim, the information we may collect will enable us to process the claim.

We may obtain this information from several sources. For example, we may contact any physician, clinic or hospital where any persons to be insured or making a claim have been treated. We may need information from your employer. But, before we ask for information from any of these sources, we will ask you to sign an authorization, which gives us permission to proceed, unless authorization is not required by law. We may get information by talking or writing to other insurance companies to which you applied for a policy or with which you have made a claim, members of your family, neighbors, friends, your insurance agent and others who know you. We may also obtain information from motor vehicle reports, court records, or photographs of the property you want insured or with regard to which you have made a claim.

CONSUMER REPORTS

It is common for an insurance company to order a report from an independent organization — a consumer reporting agency or an insurance-support organization — to verify and add to the information that you have given us. These reports are used to help us decide if you qualify for the insurance for which you have applied or to evaluate the claim you have made.

They may:

- _____ pertain to your mode of living, character, general reputation and personal characteristics such as health, job and finances.
- _____ contain information on your marital status, driving records, etc.
- _____ include information on the loss history of your property.
- _____ include information gathered by talking or writing to you or members of your family, neighbors, friends, your insurance agent and others who know you.
- _____ include information from motor vehicle reports, court records or photographs of your property and/or the property involved in the claim.

Upon your request, the consumer reporting agency or insurance-support organization will attempt to interview you in connection with any report it prepares. The information may be kept by the reporting organization and may later be given to others who use its services. It will be given only to the extent permitted by the Federal Fair Credit Reporting Act and your local state law, if any. Upon request and identification, the consumer reporting agency or insurance-support organization will provide you with a copy of the report.

DISCLOSURE OF INFORMATION

Information we collect about you will not be given to anyone without your consent, except when necessary to conduct our business. There are some disclosures which may be made without your prior authorization. These include:

- _____ Persons or organizations who need the information to perform a professional, business or insurance function for us, such as businesses that assist us with data processing or marketing.
- _____ Other insurance companies, agents, or consumer reporting agencies as it may be needed in connection with any application, policy or claim involving you.
- _____ Adjusters, appraisers, investigators and attorneys who need the information to investigate or settle a claim involving you.
- _____ An insurance-support organization which is established to collect information for the purpose of detecting and preventing insurance crimes or fraudulent claims.
- _____ A medical professional or institution to verify your insurance coverage or inform you of a medical condition of which you may not be aware.
- _____ Persons or organizations that conduct scientific research, including actuarial or underwriting studies.
- _____ Persons or organizations that will use the information for sales purposes, unless you indicate in writing to us that you do not want the information disclosed for this purpose.
- _____ Our affiliated companies for auditing our operations and for marketing an insurance product or service.

In addition, we may provide information to state insurance departments in connection with their regulatory authority and to other governmental or law enforcement authorities to protect our legal interests or in cases of suspected fraud or illegal activities.

YOUR INSURANCE POLICY FILES

Information we collect about you will be kept in our policy files. We may refer to this information if you file a claim for benefits under any policy you have with us or if you apply to us for a new policy. You have the right to know what kind of information we keep in our files about you, to have access to the information, and to receive a copy. There are some types of information; however, to which we are not required to give you access. This type of information is generally collected when we evaluate a claim or when the possibility of a lawsuit exists.

If you want information from your files, please contact us. There may be a nominal charge for copies of records. If you think your file contains incorrect information, notify us indicating what you believe is incorrect and your reasons. We will reinvestigate the matter and either correct our records or place a statement from you in our files explaining why you believe the information is incorrect. We will also notify persons or organizations to whom we previously disclosed the information of the change or your statement.

CONFIDENTIALITY AND SECURITY OF PERSONAL INFORMATION

We restrict access to personal information to those individuals who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with legal standards and ensure the confidentiality of personal information in accordance with our policy.

TREATMENT OF PERSONAL INFORMATION OF FORMER CUSTOMERS AND APPLICANTS

We adhere to this personal information privacy policy even when a customer relationship no longer exists. Disclosures about former applicants and customers may be made without prior authorization as permitted by law.

If you have any questions about our information practices, please contact us.



POLICY JACKET

STATE NATIONAL INSURANCE COMPANY, INC.

(A Stock Company)

1900 L. Don Dodson Drive

Bedford, TX 76021

This Policy is issued by CFC USA, Inc. in accordance with the authorization granted by the Insurer under the General Authority Agreement by the Insurer stated above. This Policy comprises a Policy Jacket, the Declarations page, Wording and all other provisions and conditions attached and any endorsements issued.

Please examine this document carefully. If it does not meet your needs, please contact your broker immediately. In all communications the policy number appearing overleaf should be quoted.

In Witness whereof this Certificate has been signed by:

Two handwritten signatures in red ink. The first signature is "David Jeff" and the second is "Matt Freeman".

Secretary

President

THIS INSURANCE APPLIES TO CLAIMS EITHER FIRST DISCOVERED OR MADE DURING THE PERIOD OF THE POLICY OR APPLICABLE EXTENDED REPORTING PERIOD. LEGAL DEFENSE COSTS AND EXPENSES MAY REDUCE OR EXHAUST THE INSURED LIMIT.



DECLARATIONS

POLICY NUMBER:	EHJ-ADK00477934
THE INSURED:	Paterson Charter School for Science and Technology
ADDRESS:	196 West Railway Avenue Paterson, NJ 07503 US
EFFECTIVE DATE:	12:01 A.M. Local Standard Time on 01 Jul 2022
EXPIRATION DATE:	12:01 A.M. Local Standard Time on 01 Jul 2023
TOTAL PAYABLE:	USD8,280.00
Broken down as follows:	
Premium:	USD8,280.00
Policy Administration Fee:	USD0.00
TRIA:	USD0.00
BUSINESS ACTIVITIES:	Education
LEGAL ACTION:	Worldwide
TERRITORIAL SCOPE:	Worldwide
INDEMNITY PERIOD:	6 months
WAITING PERIOD:	8 hours
RETROACTIVE DATE:	Unlimited
OPTIONAL EXTENDED REPORTING PERIOD:	12 months for 100%, 24 months for 150%, or 36 months for 200%, of applicable annualized premium
APPROVED CLAIMS PANEL PROVIDERS:	CFC Response
CYBER INCIDENT MANAGER:	CFC Response
CYBER INCIDENT RESPONSE LINE:	In the event of an actual or suspected cyber incident please call our Cyber Incident Response Team on the toll free 24-hour hotline number: 1 844-677-4155 or email cyberclaims@cfcunderwriting.com
THE INSURER:	State National Insurance Company Inc.
WORDING:	Cyber, Private Enterprise (CFC-CY-0037 11 19)
ENDORSEMENTS:	Privacy Notice U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") Advisory Notice to Policyholders Consequential Reputational Harm Extension Endorsement Customer Payment Fraud Extension Endorsement Incident Response Outside Of The Policy Limit Endorsement System Damage And Rectification Costs Amendatory Endorsement System Failure Extension Endorsement Media Liability Amendatory Endorsement Policyholder Disclosure Notice Of Terrorism Insurance Coverage Schedule Of Information New Jersey amendatory endorsement



DECLARATIONS

ALL INSURING CLAUSES COMBINED

Aggregate limit of liability: USD1,000,000 in the aggregate

INSURING CLAUSE 1: CYBER INCIDENT RESPONSE

SECTION A: INCIDENT RESPONSE COSTS

Aggregate limit of liability: USD1,000,000 in the aggregate

Deductible: USD0 each and every claim

SECTION B: LEGAL AND REGULATORY COSTS

Aggregate limit of liability: USD1,000,000 in the aggregate

Deductible: USD5,000 each and every claim

SECTION C: IT SECURITY AND FORENSIC COSTS

Aggregate limit of liability: USD1,000,000 in the aggregate

Deductible: USD5,000 each and every claim

SECTION D: CRISIS COMMUNICATION COSTS

Aggregate limit of liability: USD1,000,000 in the aggregate

Deductible: USD5,000 each and every claim

SECTION E: PRIVACY BREACH MANAGEMENT COSTS

Aggregate limit of liability: USD1,000,000 in the aggregate

Deductible: USD5,000 each and every claim

SECTION F: THIRD PARTY PRIVACY BREACH MANAGEMENT COSTS

Aggregate limit of liability: USD1,000,000 in the aggregate

Deductible: USD5,000 each and every claim

SECTION G: POST BREACH REMEDIATION COSTS

Aggregate limit of liability: USD50,000 in the aggregate, subject to a maximum of 10% of all sums we have paid as a direct result of the **cyber event**

Deductible: USD0 each and every claim



INSURING CLAUSE 2: CYBER CRIME

SECTION A: ELECTRONIC THEFT OF YOUR FINANCIAL ASSETS

Aggregate limit of liability: USD100,000 in the aggregate

Deductible: USD5,000 each and every claim

SECTION B: ELECTRONIC THEFT OF THIRD PARTY FUNDS HELD IN ESCROW

Aggregate limit of liability: USD100,000 in the aggregate

Deductible: USD5,000 each and every claim

SECTION C: ELECTRONIC THEFT OF PERSONAL FINANCIAL ASSETS

Aggregate limit of liability: USD100,000 in the aggregate

Deductible: USD5,000 each and every claim

SECTION D: EXTORTION

Aggregate limit of liability: USD1,000,000 in the aggregate

Deductible: USD5,000 each and every claim

SECTION E: AUTHORIZED PUSH PAYMENT FRAUD

Aggregate limit of liability: USD100,000 in the aggregate

Deductible: USD5,000 each and every claim

SECTION F: TELEPHONE HACKING

Aggregate limit of liability: USD100,000 in the aggregate

Deductible: USD5,000 each and every claim

SECTION G: UNAUTHORIZED USE OF COMPUTER RESOURCES

Aggregate limit of liability: USD100,000 in the aggregate

Deductible: USD5,000 each and every claim

INSURING CLAUSE 3: SYSTEM DAMAGE AND BUSINESS INTERRUPTION

SECTION A: SYSTEM DAMAGE AND RECTIFICATION COSTS

Aggregate limit of liability: USD1,000,000 in the aggregate

Deductible: USD5,000 each and every claim



SECTION B: INCOME LOSS AND EXTRA EXPENSE

Aggregate limit of liability: USD1,000,000 in the aggregate
 Deductible: USD5,000 each and every claim

SECTION C: DEPENDENT BUSINESS INTERRUPTION

Aggregate limit of liability: USD1,000,000 in the aggregate
 Deductible: USD5,000 each and every claim

SECTION D: CLAIM PREPARATION COSTS

Aggregate limit of liability: USD25,000 in the aggregate
 Deductible: USD0 each and every claim

INSURING CLAUSE 4: NETWORK SECURITY & PRIVACY LIABILITY

SECTION A: NETWORK SECURITY LIABILITY

Aggregate limit of liability: USD1,000,000 in the aggregate, including costs and expenses
 Deductible: USD5,000 including costs and expenses

SECTION B: PRIVACY LIABILITY

Aggregate limit of liability: USD1,000,000 in the aggregate, including costs and expenses
 Deductible: USD5,000 including costs and expenses

SECTION C: MANAGEMENT LIABILITY

Aggregate limit of liability: USD1,000,000 in the aggregate, including costs and expenses
 Deductible: USD5,000 including costs and expenses

SECTION D: REGULATORY INVESTIGATION COSTS

Aggregate limit of liability: USD1,000,000 in the aggregate, including costs and expenses
 Deductible: USD5,000 including costs and expenses

SECTION E: MERCHANT SERVICES LIABILITY

Aggregate limit of liability: USD1,000,000 in the aggregate, including costs and expenses
 Deductible: USD5,000 including costs and expenses



INSURING CLAUSE 5: MEDIA LIABILITY

SECTION A: DEFAMATION

Aggregate limit of liability: USD1,000,000 in the aggregate, including costs and expenses

Deductible: USD5,000 including costs and expenses

SECTION B: INTELLECTUAL PROPERTY RIGHTS INFRINGEMENT

Aggregate limit of liability: USD1,000,000 in the aggregate, including costs and expenses

Deductible: USD5,000 including costs and expenses

INSURING CLAUSE 6: TECHNOLOGY ERRORS AND OMISSIONS

NO COVER GIVEN



PRIVACY NOTICE

As a policyholder of State National Insurance Company, Inc., you may remember that you purchased your State National Insurance Company, Inc. policy from an insurance agent. Please understand that the agent from whom you purchased your State National Insurance Company, Inc. policy is not affiliated with State National Insurance Company, Inc., but rather is a separate legal entity. In the process of purchasing your State National Insurance Company, Inc. policy, you may have provided your insurance agent with various information, including nonpublic personal information about yourself. You did not provide any such information directly to State National Insurance Company, Inc., but on occasion we may receive such information from your insurance agent. This statement is intended to explain and disclose State National Insurance Company, Inc.'s policies and practices regarding the collection, disclosure and protection of such information.

State National Insurance Company, Inc. will provide customers like yourself with a copy of our privacy policy at the beginning of our relationship and annually thereafter, unless and until our relationship ends. As our products and services continue to evolve, it may be necessary to review and revise our privacy policies, in which case we will provide you with an updated privacy notice.

i. Financial Information Collected

During the ordinary course of our business, State National Insurance Company, Inc. may – as explained above – collect information about you from the following sources:

- o Information the insurance agent receives from you on applications or other forms;
- o Information about your transactions (including claims) with us, our affiliates and others; and
- o Information we receive from other agents, brokers, administrators, insurance support agencies, legal counsel, consumer reporting agencies and government reporting agencies.

ii. Financial Information Disclosed

We do not disclose any information about our customers or former customers to anyone, except as permitted by law to service your business.

iii. Parties To Whom Information is Disclosed

We do not disclose any information about our customers or former customers to anyone, except as permitted by law to service your business.

iv. Confidentiality and Security of Information

We restrict access to information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards to guard your information.

v. Access to and Correction of Your Information

You may write to us if you have any questions about the information that we may have in our records about you. We will respond within 30 business days from the date such request is received to your inquiry. If you wish, you may review this information in person or receive a copy at a reasonable charge. You can notify us in writing if you believe any information should be corrected, amended, or deleted and we will review your request. We will either make the requested change or explain why we did not do so. If we do not make the requested change, you may submit a short written statement identifying the disputed information, which will be included in all future disclosures of your information.

We value your business. This statement is for your information. No response is necessary.



U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.



CONSEQUENTIAL REPUTATIONAL HARM EXTENSION ENDORSEMENT

ATTACHING TO POLICY NUMBER: EHI-ADK00477934
 THE INSURED: Paterson Charter School for Science and Technology
 WITH EFFECT FROM: 01 Jul 2022

It is understood and agreed that the following amendments are made to this Policy:

1. The following SECTION is added to INSURING CLAUSE 3 in the Declarations page:

SECTION: CONSEQUENTIAL REPUTATIONAL HARM

Aggregate limit of USD1,000,000 in the aggregate liability:

Deductible: USD5,000 each and every claim

2. The following SECTION is added to INSURING CLAUSE 3:

SECTION: CONSEQUENTIAL REPUTATIONAL HARM

We agree to reimburse you for your reputational harm income loss sustained during the reputational harm period as a direct result of:

- a. the loss of current or future customers; or
- b. your client suspending or terminating their contract with you;

caused solely as a result of a cyber event first discovered by you during the period of the policy.

3. The following DEFINITIONS are added:

"Reputational harm income loss" means

your income (less sales tax) that would have been earned during the reputational harm period that is permanently lost as a direct result of:

- a. the loss of current or future customers; or
- b. your client suspending or terminating their contract with you;

less any cost savings achieved as a direct result of the reduction in income.

"Reputational harm period" means

the period starting from when the cyber event is first discovered and lasting for 12 months.

SUBJECT OTHERWISE TO THE TERMS AND CONDITIONS OF THE POLICY



CUSTOMER PAYMENT FRAUD EXTENSION ENDORSEMENT

ATTACHING TO POLICY NUMBER: EHJ-ADK00477934
 THE INSURED: Paterson Charter School for Science and Technology
 WITH EFFECT FROM: 01 Jul 2022

It is understood and agreed that the following amendments are made to this Policy:

1. The following **SECTION** is added to **INSURING CLAUSE 2** in the Declarations page:

SECTION: CUSTOMER PAYMENT FRAUD

Aggregate limit of liability: USD50,000 in the aggregate
 Deductible: USD5,000 each and every claim

2. The following **SECTION** is added to **INSURING CLAUSE 2**:

SECTION: CUSTOMER PAYMENT FRAUD

We agree to reimburse **you** for **loss**, including outstanding debts and the cost of reimbursing **your** existing customers for their financial loss, as a direct result of any phishing, vishing or other social engineering attack against any existing customer of **yours** arising as a direct result of any **cyber event** first discovered by **you** during the **period of the policy**.

SUBJECT OTHERWISE TO THE TERMS AND CONDITIONS OF THE POLICY



INCIDENT RESPONSE OUTSIDE OF THE POLICY LIMIT ENDORSEMENT

ATTACHING TO POLICY NUMBER: EHJ-ADK00477934
 THE INSURED: Paterson Charter School for Science and Technology
 WITH EFFECT FROM: 01 Jul 2022

It is understood and agreed that the following amendments are made to this Policy:

1. The words "ALL INSURING CLAUSES COMBINED" stated in the Declarations page are deleted and replaced with "INSURING CLAUSES 2-6 COMBINED".

2. The following is added to **INSURING CLAUSE 1** in the Declarations page:

ALL SECTIONS COMBINED

Aggregate limit of

liability: USD1,000,000 in the aggregate

3. "HOW MUCH WE WILL PAY" is deleted in its entirety and replaced with the following:

HOW MUCH WE WILL PAY

The maximum amount payable by **us** under this Policy in total across all Insuring Clauses will not exceed the **policy limit** plus the **incident response limit**.

The maximum amount payable by **us** in respect of each Section and each Insuring Clause will not exceed the **insured limit** for that Section or Insuring Clause.

Where cover is provided under multiple Sections of one or more Insuring Clauses, the maximum amount **we** will pay in total for that claim is the amount of the highest **insured limit** of the Sections under which cover is provided plus the **incident response limit**.

Where more than one claim under this Policy arises from the same original cause or single source or event, all of those claims will be deemed to be one claim and only one **insured limit** and **incident response limit** will be applicable.

4. The "Policy limit" DEFINITION is deleted in its entirety and replaced with the following:

"Policy limit" means

the aggregate limit of liability for **INSURING CLAUSES 2 – 6** combined as stated in the Declarations page.

5. The following DEFINITION is added:

"Incident response limit" means

the aggregate limit of liability for all Sections combined of **INSURING CLAUSE 1** as stated in the Declarations page.

SUBJECT OTHERWISE TO THE TERMS AND CONDITIONS OF THE



POLICY



SYSTEM DAMAGE AND RECTIFICATION COSTS AMENDATORY ENDORSEMENT

ATTACHING TO POLICY NUMBER: EHJ-ADK00477934
 THE INSURED: Paterson Charter School for Science and Technology
 WITH EFFECT FROM: 01 Jul 2022

It is understood and agreed that **INSURING CLAUSE 3 (SECTION A only)** is deleted in its entirety and replaced with the following:

SECTION A: SYSTEM DAMAGE AND RECTIFICATION COSTS

We agree to reimburse **you** for the additional cost of employing:

- a. contract staff or overtime costs for **employees** to rebuild **your** data, including the cost of data re-entry or data re-creation;
- b. specialist data recovery consultants, including IT forensic consultants, to recover **your** data or applications; and
- c. specialist consultants or overtime costs for **employees** working within **your** IT department to reconstitute **your computer systems** to the position they were in immediately prior to the **cyber event**;

reasonably and necessarily incurred as a direct result of a **cyber event** first discovered by **you** during the **period of the policy**.

SUBJECT OTHERWISE TO THE TERMS AND CONDITIONS OF THE POLICY



SYSTEM FAILURE EXTENSION ENDORSEMENT

ATTACHING TO POLICY NUMBER: EHJ-ADK00477934
 THE INSURED: Paterson Charter School for Science and Technology
 WITH EFFECT FROM: 01 Jul 2022

It is understood and agreed that the following amendments are made to this Policy:

1. **INSURING CLAUSE 3 (SECTION B)** is deleted in its entirety and replaced with the following:

SECTION B: INCOME LOSS AND EXTRA EXPENSE

We agree to reimburse **you** for **your income loss** and **extra expense** sustained during the **indemnity period** as a direct result of an interruption to **your** business activities arising directly out of any sudden, unexpected and continuous outage of **your computer systems** which is first discovered by **you** during the **period of the policy**, provided that the **computer systems** outage lasts longer than the **waiting period** and arises directly out of any **cyber event** or **system failure**.

2. **INSURING CLAUSE 3 (SECTION C)** is deleted in its entirety and replaced with the following:

SECTION C: DEPENDENT BUSINESS INTERRUPTION

We agree to reimburse **you** for **your income loss** and **extra expense** sustained during the **indemnity period** as a direct result of an interruption to **your** business activities arising directly out of any sudden, unexpected and continuous outage of computer systems used directly by a **supply chain partner** which is first discovered by **you** during the **period of the policy**, provided that the computer systems outage lasts longer than the **waiting period** and arises directly out of any **cyber event** or **system failure**.

3. The “**Cyber event**” **DEFINITION** does not mean any system failure.
4. The “**Income loss**” **DEFINITION** is deleted in its entirety and replaced with the following:

“**Income loss**” means

your income that, had the **cyber event** or **system failure** which gave rise to the claim not occurred, would have been generated directly from **your** business activities (less sales tax) during the **indemnity period**, less:

- a. actual income (less sales tax) generated directly from **your** business activities during the **indemnity period**; and
- b. any cost savings achieved as a direct result of the reduction in income.

5. The following **DEFINITION** is added to this Policy:

“**System failure**” means



any sudden, unexpected and continuous outage of **your computer systems** which renders them incapable of supporting their normal business function and is caused by an application bug, an internal network failure or hardware failure.

However, in respect of **INSURING CLAUSE 3 (SECTION C only)**, **system failure** also means any sudden, unexpected and continuous outage of computer systems used directly by a **supply chain partner** which renders them incapable of supporting their normal business function and is caused by an application bug, an internal network failure or hardware failure.

“System failure” does not mean a **cyber event**.

**SUBJECT OTHERWISE TO THE TERMS AND CONDITIONS OF THE
POLICY**



MEDIA LIABILITY AMENDATORY ENDORSEMENT

ATTACHING TO POLICY NUMBER: EHJ-ADK00477934

THE INSURED: Paterson Charter School for Science and Technology

WITH EFFECT FROM: 01 Jul 2022

It is understood and agreed that the following amendments are made to this Policy:

1. The "**Media content**" **DEFINITION** is deleted in its entirety and replaced with the following:

"Media content" means

any content created or disseminated by **you** or on **your** behalf, including but not limited to content disseminated through books, magazines, brochures, social media, billboards, websites, mobile applications, television and radio.

"Media content" does not include any:

- a. tangible product design;
 - b. industrial design;
 - c. architectural or building services;
 - d. advertisement created by **you** for a **third party**;
 - e. business, company, product or trading name;
 - f. product packaging or labelling; or
 - g. software products.
2. The "Product IP infringement" **EXCLUSION** will apply to **INSURING CLAUSE 5**.

SUBJECT OTHERWISE TO THE TERMS AND CONDITIONS OF THE POLICY



POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

ATTACHING TO POLICY NUMBER: EHJ-ADK00477934

THE INSURED: Paterson Charter School for Science and Technology

WITH EFFECT FROM: 01 Jul 2022

Coverage for acts of terrorism is included in your policy. You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2015, the definition of act of terrorism has changed. As defined in Section 102(l) of the Act: The term "act of terrorism" means any act or acts that are certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019 and 80% beginning on January 1, 2020, of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

The portion of your annual premium that is attributable to coverage for acts of terrorism is USD0.00 and does not include any charges for the portion of losses covered by the United States government under the Act.

SUBJECT OTHERWISE TO THE TERMS AND CONDITIONS OF THE POLICY



SCHEDULE OF INFORMATION

ATTACHING TO POLICY NUMBER: EHJ-ADK00477934

THE INSURED: Paterson Charter School for Science and Technology

WITH EFFECT FROM: 01 Jul 2022

The information stated below has been provided to **us** as part of **your** application for this Policy. It is important that this information is correct as **we** may seek to avoid this Policy or reject a claim in the event of any reckless or deliberate non-disclosure or misrepresentation.

If any of the information below is incorrect, please contact **us** as soon as is reasonably practicable.

1. Company web address: www.pcsst.org
2. Number of employees: 120
3. Annual revenue: USD24,000,000
4. **You** have not experienced a **cyber event** in the past three years that has resulted in a direct financial loss of more than USD10,000
5. **You** have not had any legal action brought or threatened against **you** in the last five years as a direct result of a **cyber event**
6. **You** have not had any regulatory action initiated against **you** in the last five years as a direct result of a **cyber event**
7. **You** are not involved in the direct supply of goods or services to the cannabis industry, nor are **you** involved directly with the use or supply of cryptocurrency

SUBJECT OTHERWISE TO THE TERMS AND CONDITIONS OF THE POLICY



NEW JERSEY AMENDATORY ENDORSEMENT

ATTACHING TO POLICY NUMBER: EHJ-ADK00477934

THE INSURED: Paterson Charter School for Science and Technology

WITH EFFECT FROM: 01 Jul 2022

It is understood and agreed that the following amendments are made to this Policy:

1. The following is added to **YOUR DEDUCTIBLE:**

Notwithstanding anything contained in the Declarations page to the contrary, the deductible will not apply to **costs and expenses.**

2. The "Non-renewal" **CONDITION** is deleted in its entirety and replaced with the following:

Non-renewal

If **we** decline to renew this Policy, **we** will send **you** written notice by registered mail to **your** last mailing address known to us at least 60, but no more than 120, days before the expiration date stated in the Declarations page. This written notice will include the reason for non-renewal and proof of mailing will be deemed sufficient proof of notice.

SUBJECT OTHERWISE TO THE TERMS AND CONDITIONS OF THE POLICY

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

	2021 Audit	2022 Audit	2023 Audit	Source
Cash	7,554,634	10,250,769	13,936,745	Audit: Exhibit A-1
Current Assets (include cash)	7,989,967	10,588,968	15,240,457	Audit: Exhibit A-1
Current Liabilities	647,042	1,061,986	1,432,183	Audit: Exhibit A-1
Total Expenses	32,703,907	30,661,210	40,944,167	Audit: Exhibit A-2
Change in Net Position	(1,017,612)	7,815,270	4,589,924	Audit: Exhibit A-2
Final Average Daily Enrollment (exclude PK)*	1,434.00	1,492.00	1,614.80	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)	1,440	1,584	1,600	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/note/bond payable:</i>				
Depreciation Expense	242,638	270,591	385,740	Auditor/Workpapers
Interest Expense	-	785,944	863,184	Auditor/Workpapers
Principal Payments	-	-	-	Auditor/Workpapers
Interest Payments	-	785,944	863,184	Auditor/Workpapers

Performance Indicators		2021	2022	2023	3 YR CUM	Calculation****	Target***
Near Term Indicators							
1a.	Current Ratio (working capital ratio)	12.35	9.97	10.64		Current Assets/Current Liabilities	> 1.1 or between 1.0-1.1 with positive trend
1b.	Unrestricted days cash on hand	84	122	124		Cash/(Total Expenses/365)	60 days or 30-60 days with positive trend
1c.	Enrollment Variance	100%	94%	101%	98%	Average Daily Enrollment/Budgeted Enrollment	>95% or >95% for 3 yr cum
1d.**	Default on loans or delinquent in debt payments	NO	NO	NO		Auditor	not in default
Sustainability Indicators							
2a***	3 Year Cumulative Cash Flow	42,435	2,696,135	3,685,976	6,424,546	Net change in cash flow from prior years	3 yr cum positive with most recent year positive
2b	Debt Service Coverage Ratio	N/A	11.29	6.76		N/A or (Change in Net Position + depreciation + interest expense) / (principal + interest payments)	>1.10

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

Meets Standard
 Does Not Meet Standard
 Falls Far Below Standard

SINGLE AUDIT SECTION

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

INDEPENDENT AUDITOR’S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Paterson Charter School for Science and Technology (Charter School), in the County of Passaic, State of New Jersey, as of and for the fiscal year ended June 30, 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 December 5, 2023.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School’s internal control.

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

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


Report on Compliance and Other Matters

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

Purpose of this Report

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


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountant


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

Union, New Jersey
December 5, 2023

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

INDEPENDENT AUDITOR’S REPORT

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the compliance of the Paterson Charter School for Science and Technology (Charter School), in the County of Passaic, State of New Jersey, with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School’s major federal and state programs for the year ended June 30, 2022. The Charter School’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Paterson Charter School for Science and Technology, in the County of Passaic, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

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

standards, the Uniform Guidance, and New Jersey OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Paterson Charter School for Science and Technology's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Paterson Charter School for Science and Technology's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid but not for the purpose of expressing an opinion on the effectiveness of Paterson Charter School for Science and Technology's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance


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

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

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

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


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountant


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

Union, New Jersey
December 5, 2023

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

Federal AUC/FDA Program Title	FAIN	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2022	Carryover/ (Waiver) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Accounts Receivable	Balance at June 30, 2023 Unexpended Revenue	Due to Grantor
General Fund:													
U.S. Department of Health & Human Services													
Passed-through State Department of Education:													
Medical Assistance Program (SEMI)	2305NUNMAP	N/A	\$ 87,826	7/1/22 6/30/23	\$ -	\$ -	\$ 87,826	\$ (87,826)	\$ -	\$ -	\$ -	\$ -	\$ -
Total General Fund													
Special Revenue Fund:													
U.S. Department of Education													
Passed-through State Department of Education													
Every Student Succeeds Act Cluster:													
Title I Part A Carryover	S010A220030	ESSA - 7503 - 23	1,566,900	7/1/22 9/30/23			1,566,900	(1,566,900)					
Title I Part A Carryover	S010A210030	ESSA - 7503 - 22	57,150	7/1/21 9/30/22			57,150	(57,150)					
Title III English Language Enhancement	S365A220030	ESSA - 7503 - 23	12,136	7/1/22 9/30/23			12,136	(12,136)					
Title III Carryover	S365A210030	ESSA - 7503 - 22	2,770	7/1/21 9/30/22			2,770	(2,770)					
Title II Immigrant	S365A220030	ESSA - 7503 - 23	4,279	7/1/22 9/30/23			4,279	(4,279)					
Title II Part A SEA	S367A220029	ESSA - 7503 - 23	134,346	7/1/22 9/30/23			134,346	(134,346)					
Title IV	S424A220031	ESSA - 7503 - 23	122,946	7/1/22 9/30/23			122,946	(122,946)					
Total Every Student Succeeds Act Cluster													
Special Education Cluster:													
IDEA - Part B Basic	H027A20100	IDEA - 7503 - 23	322,539	7/1/22 9/30/23			322,539	(322,539)					
IDEA - Part B Basic Carryover	H027A210100	IDEA - 7503 - 22	111,470	7/1/21 9/30/22	(111,470)		111,470						
IDEA - A, Preschool	H173A220114	IDEA - 7503 - 23	6,922	7/1/22 9/30/23			6,922	(6,922)					
IDEA - A, Preschool Carryover	H173A210114	IDEA - 7503 - 22	4,682	7/1/21 9/30/22	(515)		515						
Total Special Education Cluster													
Other Special Revenue Funds:													
Public Charter Schools	U282A220015	N/A	1,125,000	9/1/22 8/31/23			485,150	(1,111,781)			(626,631)		
CRRSA ESSER II Fund	S425D200027	N/A	851,138	3/1/21 9/30/24			851,138	(851,138)					
CRRSA ESSER II Fund Learning Acceleration	S425D200027	N/A	36,065	3/1/21 9/30/24			36,065	(36,065)					
CRRSA ESSER II Fund Mental Health	S425D200027	N/A	21,178	3/1/21 9/30/23			21,178	(21,178)					
ARR ESSER Fund	S425U200027	N/A	6,450,964	3/1/22 9/30/24			2,387,783	(2,659,055)			(71,272)		
ARR ESSER Fund Accelerated Learning Coach & Educator	S425U200027	N/A	184,014	3/1/22 9/30/24			13,275	(35,400)			(22,125)		
ARR ESSER Fund Evidence Based Summer Learning & Enrichment	S425U200027	N/A	40,000	3/1/22 9/30/24									
ARR ESSER Fund Evidence Based Comprehensive Beyond the School Day	S425U200027	N/A	40,000	3/1/22 9/30/24			37,157	(40,000)			(2,843)		
ARR ESSER Fund NJTSS Mental Health Support Staffing	S425W210031	N/A	32,501	3/1/22 9/30/24			6,321	(32,501)			(26,180)		
ARR HCY Fund	S425W210031	N/A	16,830	3/1/21 9/30/25			16,830	(16,830)					
Total Other Special Revenue Funds													
Total Special Revenue Fund													
Enterprise Fund:													
U.S. Department of Agriculture													
Passed-through State Department of Education													
Child Nutrition Program Cluster:													
School Breakfast Program	231NJ304N1199	N/A	321,660	7/1/22 6/30/23			300,780	(321,660)			(20,880)		
School Lunch Program	221NJ304N1069	N/A	337,197	7/1/21 6/30/22			227,783						
National School Lunch Program - Cash Assistance	231NJ304N1199	N/A	851,421	7/1/22 6/30/23	(22,783)		801,823	(851,421)			(49,598)		
National School Lunch Program - Cash Assistance	231NJ304N1199	N/A	1,009,865	7/1/21 6/30/22	(62,064)		1,009,865						
National School Lunch Program - Cash Assistance	231NJ304N1199	N/A	33,257	7/1/22 6/30/23			1,009,865						
Supply Chain Assistance Funding (1st Round)	221NJ344N8903	N/A	33,257	1/1/22 9/30/23			33,257	(33,257)					
Supply Chain Assistance Funding (2nd Round)	221NJ344N8903	N/A	31,059	1/1/22 9/30/23			31,059	(31,059)					
Supply Chain Assistance Funding (3rd Round)	231NJ344N8903	N/A	16,754	1/1/23 9/30/24			16,754	(16,754)					
Summer Food Service Program for Children - Food	231NJ304N1199	N/A	17,167	7/1/22 6/30/23			17,167	(17,167)					
Summer Food Service Program for Children - Admin	231NJ304N1199	N/A	1,400	7/1/22 6/30/23			1,400	(1,400)					
Fresh Fruits and Vegetable Program	231NJ304L1603	N/A	30,845	7/1/22 6/30/23			26,979	(30,845)			(3,866)		
Fresh Fruits and Vegetable Program	221NJ304L1603	N/A	17,201	7/1/21 6/30/22	(1,472)		1,472						
Total Enterprise Fund/U.S. Department of Agriculture													
Total Federal Financial Awards													

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2023

State Grantor/Program Title	State Grant or Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2022		Carryover/ (Waiver) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Reversals of Prior Years Balance	Balance at June 30, 2023		MEMO
			From	To	Delivered Revenues (Accounts Receivable)	Due to Grantor					Unearned/ Incentive Payable	Due to Grantor	
State Department of Education													
General Fund:													
State Aid/Public Cluster:													
On-Behalf TPAF Post-Retirement Medical Contributions Equalization Aid	23-495-034-5126-078	\$ 23,439,793	7/1/22	6/30/23	\$ -	\$ -	\$ -	\$ 23,439,793	\$ (23,439,793)	\$ -	\$ -	\$ -	\$ 23,439,793
Special Education Categorical Aid	23-495-034-5126-089	872,403	7/1/22	6/30/23	-	-	872,403	(872,403)	-	-	-	-	872,403
Security Aid	23-495-034-5126-084	889,208	7/1/22	6/30/23	-	-	889,208	(889,208)	-	-	-	-	889,208
Total State Aid-Public Cluster							26,201,404	(26,201,404)	-	-	-	-	25,201,404
Other General Funds:													
On-Behalf TPAF Post-Retirement Medical Contributions	23-495-034-5094-001	818,081	7/1/22	6/30/23	-	-	818,081	(818,081)	-	-	-	-	818,081
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	3,114,155	7/1/22	6/30/23	-	-	3,114,155	(3,114,155)	-	-	-	-	3,114,155
Reimbursed TPAF - Social Security	23-495-034-5094-003	806,662	7/1/22	6/30/23	-	-	765,301	(806,662)	-	-	-	-	806,662
On-Behalf TPAF - Social Security	22-495-034-5094-003	635,608	7/1/21	6/30/22	(31,791)	-	31,791	-	-	-	-	-	3,089
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	3,069	7/1/22	6/30/23	(31,791)	-	4,732,397	(4,741,987)	-	-	-	-	4,741,987
Total Other General Funds							20,933,801	(20,943,371)	-	-	-	-	41,361
Total General Fund							239,418	(239,418)	-	-	-	-	239,418
Special Revenue Fund:													
SDA Grant/Emergent Needs and Capital Maintenance	23-XXX-XXX-XXXX-XXX	239,418	7/1/22	6/30/23	-	-	239,418	(239,418)	-	-	-	-	239,418
Total Special Revenue Fund							239,418	(239,418)	-	-	-	-	239,418
State Department of Agriculture													
Enterprise Fund:													
National School Lunch Program (State Share)	23-100-010-3356-023	14,752	7/1/22	6/30/23	-	-	13,890	(14,752)	-	-	-	-	14,752
National School Lunch Program (State Share)	22-100-010-3356-023	22,907	7/1/21	6/30/22	(1,284)	-	1,284	-	-	-	-	-	862
National School Breakfast After/Before Supplement Program (State Share)	23-100-010-3356-023	15,934	7/1/22	6/30/23	-	-	13,029	(13,934)	-	-	-	-	905
Total Enterprise Fund							28,203	(28,686)	-	-	-	-	1,767
Total State Financial Assistance							\$ 30,201,422	\$ (30,211,475)	\$ -	\$ -	\$ -	\$ -	\$ 43,128
State Financial Assistance Not Subject to Major Program Determination:													
General Fund:													
On-Behalf TPAF Post-Retirement Medical Contributions	23-495-034-5094-001	818,081	7/1/22	6/30/23	-	-	(818,081)	818,081	-	-	-	-	(818,081)
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	3,114,155	7/1/22	6/30/23	-	-	(3,114,155)	3,114,155	-	-	-	-	(3,114,155)
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	3,069	7/1/22	6/30/23	-	-	(3,069)	3,069	-	-	-	-	(3,069)
Total On-Behalf TPAF Pension System Contributions							(3,935,305)	3,935,305	-	-	-	-	(3,935,305)
Total State Financial Assistance Subject to Major Program Determination							\$ 26,266,117	\$ (26,276,170)	\$ -	\$ -	\$ -	\$ -	\$ 43,128
													\$ 26,276,170

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
June 30, 2023

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
June 30, 2023

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 87,826	\$ 29,943,371	\$ 30,031,197
Special Revenue Fund	6,763,041	239,418	7,002,459
Food Service Fund	1,424,719	28,686	1,453,405
Total Awards & Financial Assistance	<u>\$ 8,275,586</u>	<u>\$ 30,211,475</u>	<u>\$ 38,487,061</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Paterson Charter School for Science and Technology has no loan balances outstanding at June 30, 2023.

NOTE 6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amounts reported as TPAF Pension Contributions, TPAF Post-Retirement Medical Contributions, and TPAF Long-Term Disability Insurance Contributions represent the amount paid by the State on behalf of the Charter School for the year ended June 30, 2023. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2023.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2023

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

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

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

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

Program	Total
Title I, Part A: <i>Grants to Local Education Agencies</i>	\$ 1,566,900
Title II, Part A: <i>Improving Teacher Quality State Grants</i>	134,345
Title III: <i>English Language Acquisition State Grants</i>	19,185
Total	\$ 1,720,430

NOTE 9. DE MINIMIS INDIRECT COSTS RATE

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

NOTE 10. MAJOR PROGRAMS

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued on financial statements Unmodified

Internal control over financial reporting:

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

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

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

Federal Awards

Internal control over major programs:

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

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

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

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

Identification of major federal programs:

AL Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
84.010	S010A220030	Title I Part A
84.010	S010A210030	Title I Part A Carryover
84.282	U282A220015	Public Charter Schools
EDUCATION STABILIZATION FUND:		
84.425D	S425D200027	CRRSA ESSER II Fund
84.425D	S425D200027	CRRSA ESSER II Fund Learning Acceleration
84.425D	S425D200027	CRRSA ESSER II Fund Mental Health
84.425U	S425U200027	ARP ESSER Fund
84.425U	S425U200027	ARP ESSER Fund Accelerated Learning Coach & Educator Support
84.425U	S425U200027	ARP ESSER Fund Evidence Based Comprehensive Beyond the School Day
84.425U	S425U200027	ARP ESSER Fund NJTSS Mental Health Support Staffing
CHILD NUTRITION PROGRAM CLUSTER:		
10.553	231NJ304N1199	School Breakfast Program
10.555	231NJ304N1199	National School Lunch Program - Cash Assistance
10.555	231NJ304N1199	National School Lunch Program - Commodities
10.555	221NJ344N8903	Supply Chain Assistance Funding (1st Round)
10.555	221NJ344N8903	Supply Chain Assistance Funding (2nd Round)
10.555	231NJ344N8903	Supply Chain Assistance Funding (3rd Round)
10.559	231NJ304N1199	Summer Food Service Program for Children - Food
10.559	231NJ304N1199	Summer Food Service Program for Children - Admin
10.582	231NJ304L1603	Fresh Fruits and Vegetable Program

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

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

Federal Awards (Continued)

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

Auditee qualified as low-risk auditee? X Yes No

State Awards

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

Auditee qualified as low-risk auditee? X Yes No

Internal control over major programs:

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

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

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

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

Identification of major state programs:

GMIS Number(s)	Name of State Program
23-495-034-5120-078	STATE AID-PUBLIC CLUSTER: Equalization Aid
23-495-034-5120-089	Special Education Categorical Aid
23-495-034-5120-084	Security Aid
23-495-034-5094-003	Reimbursed TPAF - Social Security

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section II –Financial Statement Findings – N/A

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

Finding

There were no matters reported.

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

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

FEDERAL AWARDS

Findings

There were no matters reported.

STATE AWARDS

Findings

There were no matters reported.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Summary Schedule of Prior Year Audit Findings
And Questioned Costs As Prepared by Management
For the Fiscal Year Ended June 30, 2023

STATUS OF PRIOR-YEAR FINDINGS – N/A

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

Findings

There were no matters reported.