

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

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2016

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
PATERSON, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**And
Barre & Company, CPAs**

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INTRODUCTORY SECTION



November 25, 2016

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 comprehensive annual financial report of the Paterson Charter School for Science and Technology (the "Charter School") for the fiscal year ended June 30, 2016, 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 Comprehensive Annual 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 Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected 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

The founding committee for Paterson Charter School for Science & Technology (PCSST) was granted its initial charter in 2001. Due to challenges locating a suitable facility, PCSST took a planning year, and opened its doors with 12 teachers and 147 students in grades six through eight in the fall of 2003. Initially, and during its first two years of operation, PCSST was located at 5-7 Mill Street in Paterson. The Mill Street location was an old and narrow, four-story 11,000 square-foot silk factory, and not an ideal facility for a school. The building's space constraints prevented the school from offering students a gym or lunchroom, and provided little to no opportunity for grade level expansion or student population growth.

PCSST moved to a 68,000 square-foot building located at 276 Wabash Avenue in the fall of 2005. At that time, the school served students in grades 6-10 with a faculty and staff of 52. The Wabash Avenue location was originally a warehouse, converted in to a school by the landlord. The increased space enabled PCSST to serve up to 588 students in grades 6-12 residing in Paterson.

PCSST received its first renewal charter 2007. Soon thereafter, and at the request of Paterson community stakeholders, the PCSST Board of Trustees submitted an amended proposal to the NJ Department of Education in October 2008 to offer elementary education. PCSST was granted approval from the Department of Education to add grades K-5 in 2009. The following year, PCSST welcomed 180 students in grades two through five at 765 14th Avenue, the site of a former elementary school building in Paterson. At the start of the 2011-2012 academic year, the PCSST elementary campus moved to the Wabash Avenue campus, adding kindergarten and first grades, and the high school moved to a former high school building located at 764 11th Avenue in Paterson. PCSST reached its maximum enrollment of 1,068 students: the Wabash Avenue campus serves 564 students in grades K-6, and the 11th Avenue campus serves 504 students in grades 7-12. This expansion allowed PCSST to build upon its model to empower all students – through a standards/equity-based program and high expectations – to reach high levels of achievement.

Finally, Grades 7-12 campus moved to an 87,200 square-foot building located at 196 West Railway Avenue in the fall of 2014. The West Railway Avenue location was originally a warehouse, converted into a school by the landlord which was leased for a long-term home like Wabash Avenue building.

Since its inception, PCSST has enjoyed broad-based support from parents, students and the Paterson community at-large. As a result, the school has had to wait-list students for all but the first few years of operation. Last year, there were only 120 spaces available for new students, yet 1,200 more students were interested in attending PCSST than could be accommodated.

PCSST is the only charter school in Paterson serving a secondary student population. As a result during the last four school years, PCSST has received over 1,300 applications for 100-120 available seats.

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. 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 2015-2016 school year with an enrollment of 1,045 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>
2015-2016	1047.6	1.31%
2014-2015	1034.1	0.80%
2013-2014	1043.0	0.51%
2012-2013	1037.7	27.72%
2011-2012	750.1	-0.53%

2. ECONOMIC CONDITION AND OUTLOOK: Paterson is one of the largest cities in New Jersey. Industry and business is still expanding and the education level of Paterson is increasing every day. Paterson has an increasing education budget since it is an Abbott district.

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 third 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 all grades 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. In our K-6 Campus with the school wide breakfast in the classroom program 77.8% of students participated in the breakfast program and 81.4% of students participated in lunch program. In 7-12 Campus on average 40% of students participate in the breakfast program and 80% of the students participates in the lunch program, 84% are eligible for free or reduced-price meals.

A special education program is in place for students identified as eligible through child study evaluations. IEPs are developed for each student. PCSST contracts Child Study Team services with the Passaic County Educational Services Commission. This insures that students who have IEPs will continue to receive appropriate services and the school can conduct evaluations

of students who are identified as potentially have learning disabilities. The range of services provided by PCSST is based on the development of the IEP. Philosophically, and in accordance with statutes, PCSST makes every attempt to keep students in the Least Restrictive Environment. Therefore, the In Class Support program is our preferred option to serve students. Certified Special educators are teamed in co-teaching environments to support students in core subjects such as English, Math, Science and Social Studies. Other elective courses may also be supported if the IEP indicates a need. Aides are provided where OHI or Behavioral situations warrant that level of support in the classroom. For students requiring additional support the school provides Resource Replacement programs in English and Math. Speech and Language services or Occupational Therapy and Physical Therapy are also available for students based on their identified needs. In the IEP development process out of district placements are also considered based on the needs of the student. Each student has an annual review and a three year reevaluation process to insure that his/her needs are met with an appropriate educational program.

English Language learners are part of an ESL program. Based on their placement on the ACCESS ELL assessment and the WIDA standards, students participate in pull out and/or In Class support programs to develop their social and academic language proficiency from K-12th grade.

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 such as trips to Montreal, Boston, Washington DC, or participation in the World is Our Classroom program with destinations such as England, Italy & Greece, Costa Rica or China. 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 day field trips to provide students with cultural or content related experiences. Academic programs are also provided. Intervention programs are provided for students experiencing academic difficulties meeting the requirements of the classroom program. Teachers provide tutoring at no cost to students. The PASS+ program is provided as a Saturday tutoring program for Language Arts, Math and Science instruction for all students as they prepare for the PARCC. Juniors participated in the SAT Prep Program at no cost. Juniors and seniors are granted Tuition Waivers to participate in the SAT and PSAT testing program through The College Board.

PCSST provides support for students with special needs, academic or financial.

Education Program

Academic Performance

The educational program focuses in the elementary grades on 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. AP courses are offered in the Sciences, Mathematics, English, Social Studies, World Language, and the Arts. 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 to build 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 9 interscholastic sports and a variety of clubs and competition teams.

PCSST offers support to students at all grade levels. The Elementary campus has a Reading Specialist to assist primary grade students through a Reading Recover program. She offers PD to teachers at all grade levels to insure integration of the Common Core Language Arts standards across the curriculum. Both the elementary

and high school utilize Title I funds to support a Basic Skills program that allows for both In-class and Pull-out instruction to support struggling and At-risk students in any grade level. High school students have an Intervention period built into the schedule to promote the philosophy the, "Failure in Not an Option." Any student failing a subject or assessment is required to work with their teacher to improve their grade.

A Saturday program, PASS+ focuses on developing math and language arts skills to prepare students for the assessment of the CCSS through the PARCC. Special Education students are taught in the least restrictive environment where PCSST offers predominantly In class support to insure that all students receive the same curriculum regardless of disabilities.

English Language Learners are also offered additional assistance. Based on their Access scores PCSST has been able to bring students up to proficiency in short periods of time allowing the students to participate in their academic classes with In-class support as well. Accelerated students are engaged at PCSST in the College Career Preparation program, CCP. These students work after school and on Saturdays to advance their knowledge and skills and participate in project based learning experiences.

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 usage. The high school has a one-to-one iPad program in grades 9-12. All students are given an iPad with their e-textbooks preloaded along with a variety of required apps. The elementary campus introduced Chromebooks to students in grades 3-6 to promote more use of technology. The use of Chromebooks will extend to the middle school in 2016-17 so all students in grades 7-12 will be in a one-to-one technology environment. Every classroom is equipped with a SmartBoard to allow for interactive use of the technology during every lesson. Teachers are all provided with laptop computers to create and manage their lessons. Every process is enhanced with the use of technology if available, particularly in communication with parents, students and staff. Google Tools are used extensively by the staff to share documents and resources. The secondary grades are now in a one-to-one device environment making the school virtually paperless. Teachers use Google Classroom to push content, create discussion groups, assess student progress, and collect assignments in a paperless environment. This technology use continues the development of integrated use of computers and electronic devices. Assessment is conducted in an electronic environment. In addition to the PARCC assessments, PCSST uses two different technology based benchmark assessment systems, Study Island and STAR Assessments. Exams will be conducted completely in an electronic environment in 2016-17. Even classroom assessments are done electronically using a variety of apps including Google Forms, Kahoot, Socrative, and SmartNotebook among others.

The PCSST curriculum is aligned to the Common Core State Standards and the NJ Core Curriculum Content Standards through continuous update. In 2013-14 PCSST adopted the Connected Action Roadmap philosophy. Professional Learning Communities are charged with continuous update of their curriculum. Additionally, PCSST uses a 5-year cycle of review to insure that no curriculum goes out of date. Curriculum writing is ongoing for new courses and courses requiring adoption of new standards. The entire Language Arts and Math curriculum materials were reviewed prior to implementation of the Common Core State Standards. Science was reviewed to prepare for implementation of the Next Generation Science Standards. Other areas related to the NJ Core Curriculum Content Standards have also been addressed as those standards have now been modified and adopted. PCSST will begin the process of using the Curriculum Framework documents to realign to the NJ Student Learning Standards in ELA and Math and prepare for full implementation of the standards in September 2017.

PCSST uses a variety of assessment data to identify gaps in attainment of the standards. PARCC assessment data will indicate how well teachers and their students made the shift to the CCSS. STAR assessments from Renaissance Learning and the Study Island program from Edmentum have also been used as routine benchmarking tests to track the progress of students toward achievement of the standards. This data is used to adjust the curriculum and instructional program to address gaps.

The secondary school has shifted to a fully Standards Based Grading system which clearly identifies the standards assessed in each grade and tracks the implementation of standards in all content areas. The elementary school is in the process of piloting the program in the Math department during 2016-17 with full implementation expected in 2017-18. The shift to Standards Based Grading was accompanied by several philosophical and practical changes in practice. The 100-point grading scale has been replaced by a 0-4 rubric style grading scale. Gradebook practices follow suit. A differentiation between formative and summative assessments is evident in the gradebook as well. Formative assessments, while scored, carry no weight in the grade a student receives on his/her report card. Only summative assessments carry weight as they are the evidence that students can demonstrate the knowledge and skills embedded in the standards. This has raised the accountability for students since soft grades are no longer part of the system but are reported separately since work habits are still highly valued.

2014-15 statewide assessment results were obtained using the new PARCC assessment. This made comparisons to past scores difficult. However, comparisons to the local district and to the state scores were done. The state provided SGP was also used to measure growth of PCSST students.

In ELA, PCSST demonstrated strong results. Every grade level exceeded that of the local public school district. Grade 6 ELA exceeded the state average. Grades 3-7 and 11 ELA scores were all within 10% of the state average. The SGP for PCSST ELA was 65 putting the school into the Higher Than Normal Growth category. PCSST seeks to improve on all the absolute scores for each grade while maintaining high growth.

In Math, PCSST demonstrated good results. Only one grade level, grade 7, failed to exceed the local public school. Grade 5 Math scores exceeded the state average. Grades 4, 5 & 8 Math scores were within 10% of the state average. The SGP for PCSST Math was 47 putting the school into the Typical Growth category. PCSST seeks to improve on all the absolute scores for each grade while maintaining high growth.

PCSST continued its Ivy League College acceptance tradition with another Cornell Acceptance by the class of 2016. PCSST seniors over last four years received two Cornell and one Princeton Acceptance.

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 reservations of fund balance at June 30, 2016.

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, 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 auditors' 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 2015-2016, training was provided for harassment, intimidation and bullying prevention to comply with the training requirements of the Act.

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,



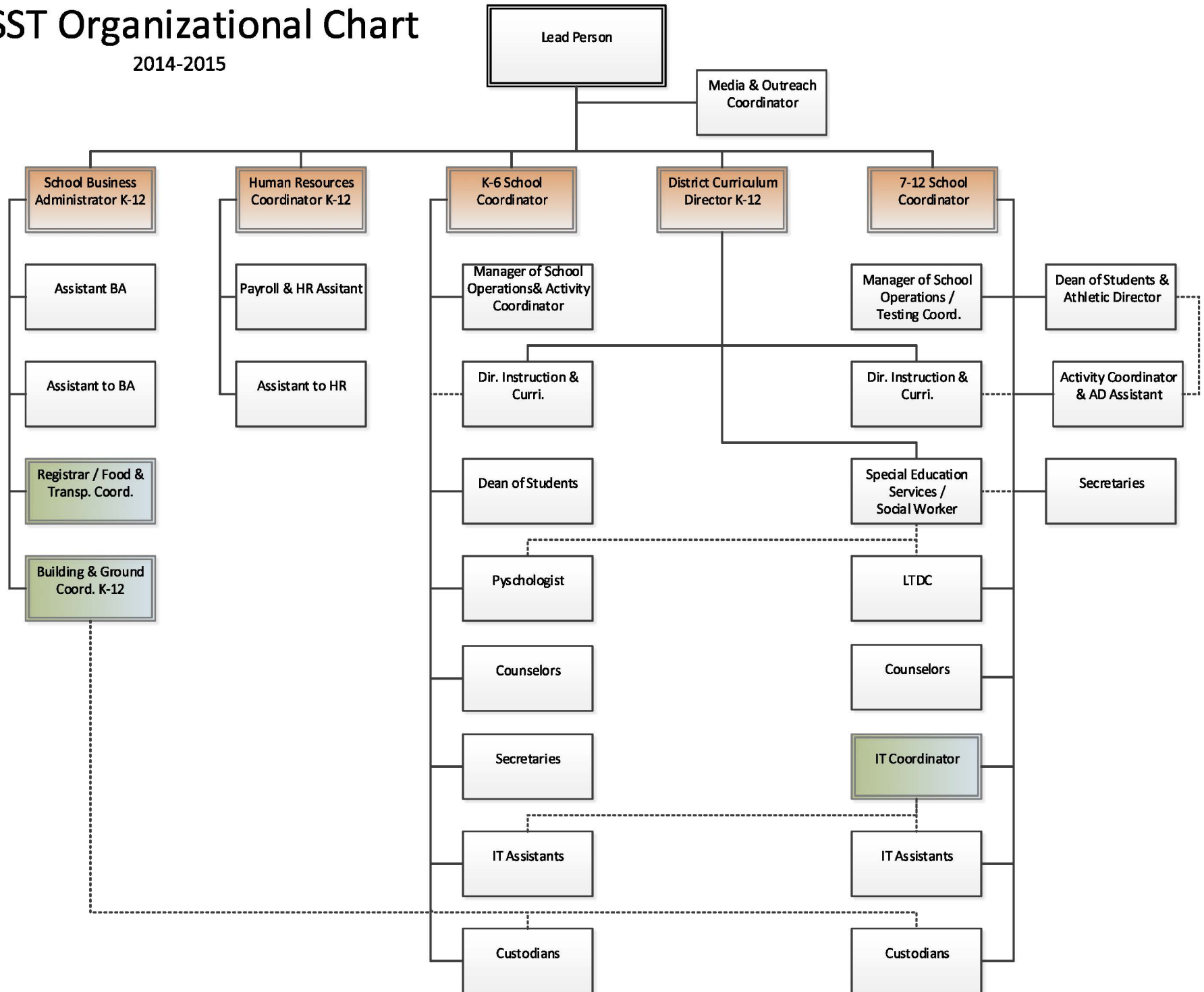
A. Riza Gurcanli
Lead Person



Irfan Evcil
Business Administrator/Board Secretary

PCSST Organizational Chart

2014-2015



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

**ROSTER OF OFFICIALS
JUNE 30, 2016**

Members of the Board of Trustees

Position

Kemal Aydin	President
Carol Burt-Miller	Vice President
Erdem Alpay	Member
Ayhan Koroglu	Member
Suzette McDuffie	Member
Erkan Yildiz	Member

Other Officials

A. Riza Gurcanli	Lead Person
Irfan Evcil	Business Administrator/ Board Secretary
Joseph Miceli	Director of Instruction
Mursel Gunes	Elementary School Coordinator
Christopher M. Lessard	Treasurer

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

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Union, NJ 07083

Attorney

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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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the 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, 2016, 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.

Management’s Responsibility 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.

Auditor’s Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Paterson Charter School for Science and Technology, in the County of Passaic, State of New Jersey, as of June 30, 2016, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information AND District's Proportionate Share of the Net Pension Liability for TPAF and PERS and District's PERS Contributions and the related notes starting on pages 21, 79 and 86, respectively, 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.


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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards* and the Division of Finance, Department of Education, State of New Jersey, we have also issued our report dated November 25, 2016 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 controls 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 Division of Finance, Department of Education, State of New Jersey* in considering the Charter School's internal control over financial reporting and compliance.


BARRE & COMPANY
Certified Public Accountants
Public School Accountant


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

Union, New Jersey
November 25, 2016

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, 2016
UNAUDITED**

The discussion and analysis of Paterson Charter School for Science and Technology's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- ❖ General revenues accounted for \$16,837,643 in revenues or 99% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$201,668 or 1% percent of total revenues of \$17,039,311.
- ❖ The Charter School had \$17,329,132 in expenses; only \$201,668 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$16,837,643 were not adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$16,120,028 in revenues and \$16,620,558 in expenditures. The General Fund's fund balance decreased \$500,530 over 2015. This decrease was anticipated by the Board of Trustees.

Using this Comprehensive Annual Financial Report (CAFR)

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.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole Charter School, presenting both an aggregate view of the Charter School's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Charter School's most significant funds with all other non-major funds presented in total in one column. In the case of Paterson Charter School for Science and Technology, the General Fund is by far the most significant fund.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED
(CONTINUED)**

Government-Wide Financial Statements

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2016?" The *Statement of Net Position* and the *Statement of Activities* answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Charter School's net position and changes in that position. This change in net position is important because it tells the reader that, for the Charter School as a whole, the financial position of the Charter School has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the *Statement of Net Position* and the *Statement of Activities*, the Charter School is divided into two distinct kinds of activities:

- ❖ **Governmental Activities** — All of the Charter School's programs and services are reported here including instruction, administration, support services, and capital outlay.
- ❖ **Business-Type Activities** — These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Charter School's funds. The Charter School uses many funds to account for a multitude of financial transaction. The Charter School's governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
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(CONTINUED)**

cash. The governmental fund statements provide a detailed short-term view of the Charter School's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds is reconciled in the financial statements.

Proprietary Funds

When the Charter School charges customers for the full cost of the services it provides, these services are reported in the proprietary funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Charter School's enterprise fund (a component of business-type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The Charter School as Trustee

Reporting the Charter School's Fiduciary Responsibilities

The Charter School is the trustee, or *fiduciary*, for the Unemployment Compensation Trust, Scholarship Funds and Agency Funds. All of the Charter School's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these activities from the Charter School's other financial statements because the Charter School cannot use these assets to finance its operations. The Charter School is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and fund financial statements. The notes to the financial statements can be found starting on page 45 of this report.

Other Information

The combining statements referred to earlier in connection with governmental funds and enterprise funds are presented immediately following the Notes to the Basic Financial Statements.

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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED
(CONTINUED)**

**Major Features of 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 food service and student activities	Activities the Charter School operates similar to private businesses; N/A	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	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both 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 payment is due during the year or soon thereafter	All revenues and expenses, 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, 2016
UNAUDITED
(CONTINUED)**

The Charter School as a Whole

Recall that the *Statement of Net Position* provides the perspective of the Charter School as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The Charter School's financial position is the product of several financial transactions including the net results of activities.

The Charter School's combined net position were -\$1,905,122 for 2016 and -\$1,567,254 for 2015.

Governmental Activities

The Charter School's total revenues were \$17,039,311 for 2016 and \$16,942,923 for 2015, this includes \$487,908 for 2016 and \$486,534 for 2015 of state reimbursed TPAF social security contributions.

The total cost of all program and services was \$17,329,132 for 2016 and \$16,103,419 for 2015. Instruction comprises 57% for 2016 and 43% for 2015 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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED
(CONTINUED)**

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.

- ❖ Proprietary Fund operating expenses exceeded operating revenues by -\$48,047 for 2016 and operating revenues exceeded operating expenses by 87,886 for 2015.
- ❖ Charges for services represent \$95,710 for 2016 and \$67,882 for 2015. This represents amounts paid by patrons.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches were \$685,445 for 2016 and \$680,228 for 2015.

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 \$17,039,311 for 2016 and \$16,942,923 for 2015 and expenditures were \$18,087,932 for 2016 and \$16,103,419 for 2015. The net change in fund balance for fiscal years 2016 and 2015 was most significant in the general fund, a decrease of \$147,650 in 2016 and an increase of \$839,504 in 2015.

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, 2016.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2015	Percent of Increase/ (Decrease)
Local Sources	\$ 1,694,400	9.94%	\$ 121,824	7.75%
State Sources	14,425,628	84.66%	(47,726)	-0.33%
Federal Sources	919,283	5.40%	22,290	2.48%
Total	\$ 17,039,311	100.00%	\$ 96,388	

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED
(CONTINUED)**

The Charter School's Funds (Continued)

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2016.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2015	Percent of Increase/ (Decrease)
Instruction	\$ 6,951,105	39.63%	\$ (88,344)	-1.25%
Administration	4,562,458	26.01%	(95,094)	-2.04%
Support Services	5,263,510	30.01%	(612,516)	-10.42%
Capital Outlay	762,768	4.35%	(496,709)	-39.44%
Total	\$ 17,539,841	100.00%	\$ (1,292,663)	

Capital Assets (Net of Depreciation)

	Balance	Additions	Retirements	Balance	2016	2015
Governmental Activities:						
<i>Capital Assets Being Depreciated:</i>						
Building and Building Improvements	\$ 270,953	\$ -	\$ -	\$ 270,953	\$ 270,953	\$ 270,953
Machinery and Equipment	3,414,801	592,633	-	4,007,434	4,007,434	3,414,801
Totals Capital Assets Being Depreciated	3,685,754	592,633	-	4,278,387	4,278,387	3,685,754
Less Accumulated Depreciation:						
Building and Building Improvements	6,774	13,548	-	20,322	20,322	6,774
Less Accumulated Depreciation	1,160,356	-	-	1,160,356	1,160,356	1,160,356
Total Accumulated Depreciation	1,167,130	13,548	-	1,180,678	1,180,678	1,167,130
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	2,518,624	579,085	-	3,097,709	3,097,709	2,518,624
Government Activity Capital Assets, Net	\$ 2,518,624	\$ 579,085	\$ -	\$ 3,097,709	\$ 3,097,709	\$ 2,518,624
Business-Type Activities:						
<i>Capital Assets Being Depreciated:</i>						
Machinery and Equipment	\$ 157,588	\$ -	\$ -	\$ 157,588	\$ 157,588	\$ 157,588
Less Accumulated Depreciation	65,264	15,957	-	81,221	81,221	65,264
Enterprise Fund Capital Assets, Net	\$ 222,852	\$ 15,957	\$ -	\$ 238,809	\$ 76,367	\$ 92,324

At the end of the fiscal year 2016, the Charter School had \$3,097,709 invested in machinery and equipment for governmental activities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

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 Anar, Business Administrator/Board Secretary at Paterson Charter School for Science and Technology, 196 W. Railway Ave., 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, 2016.

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, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 678,552	\$ 113,929	\$ 792,481
Internal Balances	19,265		19,265
Receivables	183,913	56,957	240,870
Prepaid Expenses	4,440		4,440
Restricted Assets:			
Cash	60,035		60,035
Capital Assets, Net	3,097,709	76,367	3,174,076
Total Assets	4,043,914	247,253	4,291,167
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions	1,901,189		1,901,189
Deferred Outflows of Resources	1,901,189	-	1,901,189
LIABILITIES:			
Interfund Payable	18,328		18,328
Accounts Payable	185,443	47,142	232,585
Deferred Revenue			-
Noncurrent Liabilities:			
Due Beyond One Year	700,000		700,000
Pensions	7,033,480		7,033,480
Total Liabilities	7,937,251	47,142	7,984,393
DEFERRED INFLOWS OF RESOURCES:			
Pensions	113,085		113,085
Deferred Inflows of Resources	113,085	-	113,085
NET POSITION:			
Net Investment in Capital Assets	2,397,709	83,253	2,480,962
Unassigned	(4,502,942)	116,858	(4,386,084)
Total Net Position	\$ (2,105,233)	\$ 200,111	\$ (1,905,122)

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, 2016

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction	\$ 9,860,285		\$ -	\$ 201,668	\$ -	\$ (9,658,617)	\$ -	\$ (9,658,617)
Administration	1,202,817					(1,202,817)		(1,202,817)
Support Services	6,082,347					(6,082,347)		(6,082,347)
Capital Outlay	170,135					(170,135)		(170,135)
Unallocated Depreciation	13,548					(13,548)		(13,548)
Total Governmental Activities	17,329,132	\$ -	\$ -	201,668	-	(17,127,464)	-	(17,127,464)
BUSINESS-TYPE ACTIVITIES:								
Food Service	829,566							
Total Business-Type Activities	829,566			685,445			(48,411)	(48,411)
Total Primary Government	\$ 18,158,698			\$ 887,113		\$ (17,127,464)	\$ (48,411)	\$ (17,175,875)
GENERAL REVENUES								
Federal and State Aid Not Restricted						\$ 16,775,873	\$ -	\$ 16,775,873
Investment Earnings						2,292	364	2,656
Miscellaneous Income						59,478		59,478
Total General Revenues						16,837,643	364	16,838,007
Change in Net Position						(289,821)	(48,047)	(337,868)
Net Position - Beginning of Year						(1,815,412)	248,158	(1,567,254)
Net Position - Ending						\$ (2,105,233)	\$ 200,111	\$ (1,905,122)

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, 2016

	General Fund	Special Revenue Fund	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents:			
Cash and Cash Equivalents	\$ 678,552	\$ -	\$ 678,552
Restricted	25,003		25,003
Interfund Receivables	18,365		18,365
Receivables From Other Governments	35,032	151,437	186,469
Other Receivables	33,376		33,376
Other Assets	4,440		4,440
Total Current Assets	794,768	151,437	946,205
Total Assets	<u>\$ 794,768</u>	<u>\$ 151,437</u>	<u>\$ 946,205</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Current Liabilities:			
Interfund Payables	\$ -	\$ 18,328	\$ 18,328
Accounts Payable	52,334	133,109	185,443
Total Current Liabilities	52,334	151,437	203,771
Total Liabilities	52,334	151,437	203,771
Fund Balances:			
Unassigned:			
General Fund	742,434		742,434
Total Fund Balances	742,434	-	742,434
Total Liabilities and Fund Balances	<u>\$ 794,768</u>	<u>\$ 151,437</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 \$4,278,387 and the accumulated depreciation is \$1,180,678.

3,097,709

Net pension liability of \$7,033,480, deferred inflows of resources of \$113,085 less deferred outflows of resources of \$1,901,189 related to pensions are not reported in the governmental funds

(5,245,376)

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.

(700,000)

Net Position of Governmental Activities

\$ (2,105,233)

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, 2016

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 1,632,630	\$ -	\$ 1,632,630
Interest on Investments	2,292		2,292
Miscellaneous	59,478		59,478
Total Local Sources	1,694,400	-	1,694,400
State Sources	14,425,628		14,425,628
Federal Sources		919,283	919,283
Total Revenues	16,120,028	919,283	17,039,311
EXPENDITURES:			
Current:			
Instruction	6,268,341	682,764	6,951,105
Administration	4,562,458		4,562,458
Support Services	5,026,991	236,519	5,263,510
Capital Outlay	762,768		762,768
Total Expenditures	16,620,558	919,283	17,539,841
NET CHANGE IN FUND BALANCES	(500,530)	-	(500,530)
FUND BALANCES, JULY 1	1,242,964	-	1,242,964
FUND BALANCES, JUNE 30	\$ 742,434	\$ -	\$ 742,434

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, 2016

Total net change in fund balances - governmental fund (from B-2)		\$ (500,530)
<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		\$ (734,804)
Capital Outlay		<u>592,633</u>
		(142,171)
<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>		
		700,000
<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>(347,120)</u>
Change in net position of governmental activities		<u><u>\$ (289,821)</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, 2016

	Business-Type Activities Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 113,929
Intergovernmental Accounts Receivable:	
Federal	56,367
State	590
	170,886
Total Current Assets	
Noncurrent Assets:	
Machinery and Equipment	157,588
Less Accumulated Depreciation	(81,221)
	76,367
Total Noncurrent Assets	
	\$ 247,253
LIABILITIES AND NET POSITION:	
Current Liabilities:	
Accounts Payable	\$ 47,142
	47,142
Total Current Liabilities	
	47,142
Total Liabilities	
Net Position:	
Net Investment in Capital Assets	83,253
Unassigned	116,858
	200,111
Total Net Position	
	\$ 247,253
Total Liabilities and Net Position	

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, 2016

	Business-Type Activities
	Food Service
OPERATING REVENUES:	
Charges for Services:	
Daily Sales Reimbursable Program	\$ 95,710
Total Operating Revenues	95,710
OPERATING EXPENSES:	
Salaries	287,917
Management Fees	8,360
Supplies and Materials	33,806
Depreciation Expense	15,957
Cost of Sales	454,621
Miscellaneous Expenses	28,905
Total Operating Expenses	829,566
OPERATING INCOME (LOSS)	(733,856)
NONOPERATING REVENUES:	
State Source:	
State School Breakfast/Lunch Program	7,576
Federal Source:	
National School Breakfast/Lunch/Snack Program	673,547
Fresh Fruit and Vegetable Program	4,322
Interest Income	364
Total Nonoperating Revenues	685,809
CHANGE IN NET POSITION	(48,047)
TOTAL NET POSITION, JULY 1	248,158
TOTAL NET POSITION, JUNE 30	\$ 200,111

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, 2016

	Business-Type Activities
	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 97,500
Cash Payments to Suppliers and Employees	<u>(821,063)</u>
Net Cash Used In Operating Activities	<u>(723,563)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash Received From State And Federal Reimbursements	<u>685,445</u>
Net Cash Provided By Noncapital Financing Activities	<u>685,445</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on Deposits and Investments	<u>364</u>
Net Cash Provided By Investing Activities	<u>364</u>
Net Increase In Cash And Cash Equivalents	(37,754)
Cash And Cash Equivalents, Beginning Of Year	<u>151,683</u>
Cash And Cash Equivalents, End Of Year	<u>\$ 113,929</u>
Reconciliation of Operating (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Operating (Loss) Used for Operating Activities	\$ (733,856)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used For) Operating Activities:	
Depreciation	15,957
Change In Assets And Liabilities:	
Increase In Receivables From Other Governments	1,790
Increase In Accounts Payable	<u>(7,454)</u>
Net Cash (Used For) Operating Activities	<u>\$ (723,563)</u>

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

FIDUCIARY FUNDS

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2016

	Trusts		
	Unemployment Compensation Insurance	Flexible Spending Account	Agency Fund
ASSETS:			
Cash and Cash Equivalents	\$ -	\$ 10,096	\$ 49,014
Total Assets	\$ -	\$ 10,096	\$ 49,014
LIABILITIES:			
Interfund Accounts Payable Due to Student Groups			\$ 37 48,977
Total Liabilities	-	-	\$ 49,014
NET POSITION:			
Reserved for Encumbrances Held in Trust for Claims		10,096	
Total Liabilities and Net Position	\$ -	\$ 10,096	

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For Fiscal Year Ended June 30, 2016

	Trusts	
	Unemployment Compensation Insurance	Flexible Spending Account
ADDITIONS:		
Contributions:		
Plan Member	\$ 22,472	\$ 25,508
Total Contributions	<u>22,472</u>	<u>25,508</u>
Investment Earnings:		
Interest	1	24
Net Investment Earnings	<u>1</u>	<u>24</u>
Total Additions	<u>22,473</u>	<u>25,532</u>
DEDUCTIONS:		
Payment of Claims	<u>22,473</u>	<u>22,639</u>
Total Deductions	<u>22,473</u>	<u>22,639</u>
CHANGE IN NET POSITION	-	2,893
NET POSITION - BEGINNING OF THE YEAR		<u>7,203</u>
NET POSITION - END OF THE YEAR	<u>\$ -</u>	<u>\$ 10,096</u>

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, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Paterson Charter School for Science and Technology have been prepared in conformity with generally accepted accounting principles generally (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body responsible 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.

For fiscal year 2016, the Charter School implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources and expense/expenditure.

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 maintained 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 codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards. Under GASB Statement No. 14, 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 and account groups of the Charter School over which it exercises operating control. The operations of the Paterson Charter School for Science and Technology include two schools a Grade K-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.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. 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 nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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.

C. 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.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

General Fund – The general fund is the general operating fund of the Charter School. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment 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 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, charter school 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.

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.

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:

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

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.

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 and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The Charter School’s business-type activities and enterprise funds have elected not to apply the standards issued by the FASB after November 30, 1989.

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.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

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.

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. Nonmajor funds by category are summarized into a single column. GASBS 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 nonmajor funds are combined in a column in the fund financial statements.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

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.

D. 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. Nonexchange 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.

E. 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, 2016**

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:

	2016	2015
Total Revenues & Expenditures (Budgetary Basis)	\$ 919,283	\$ 896,993
Adjustments:		
Less Encumbrances at June 30, 2016	-	-
Plus Encumbrances at June 30, 2015	-	-
Total Revenues and Expenditures (GAAP Basis)	\$ 919,283	\$ 896,993

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the Charter School cannot recognize these payments on the GAAP financial statements.

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.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants receivable. SDA grants are recognized on the budgetary basis in full when they are awarded but are recognized on the GAAP basis as they are expended and requested for reimbursement.

F. 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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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 fair market 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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

5. Fund Equity

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

6. 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.

7. 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.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

G. Fund Balance Reserves

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

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

Adopted Accounting Pronouncements

For the year ended June 30, 2016, the Charter School implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the Charter School is required to measure certain investments at fair value for financial reporting purposes. In addition, the Charter School is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the Charter School's financial statements.

The Charter School implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the Charter School's financial statements.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles (Continued)

Adopted Accounting Pronouncements (Continued)

The Charter School implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the Charter School's financial statements.

Recently Issued and Adopted Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the Charter School's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the Charter School's financial statements.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles (Continued)

Recently Issued and Adopted Accounting Pronouncements (Continued)

Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This

Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within The Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the Charter School's financial statements.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. 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.

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, 2016, cash and cash equivalents of the Charter School consisted of the following:

	<u>General Fund</u>	<u>Proprietary Fund</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Operating Account	\$ 703,555	113,929	\$ 59,111	\$ 876,595

The Charter School had no investments at June 30, 2016.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

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

The carrying amount of the Board's cash and cash equivalents at June 30, 2016 was \$876,595 and the bank balance was \$1,357,421. 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, 2016, 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.

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;

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

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

Investments (Continued)

- (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, 2016.

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, 2016.

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, 2016.

Receivables

Receivables at June 30, 2016, consisted of accounts, intergovernmental, grants, and miscellaneous.

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

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

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

Receivables (Continued)

	Governmental Fund Financial Statements	Governmental Wide Financial Statements
State Aid	\$ 33,376	\$ 33,966
Federal Aid	186,469	242,836
Other	(900)	(900)
Gross Receivables	218,945	275,902
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 218,945</u>	<u>\$ 275,902</u>

A. Interfund Receivables and Payables

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

There were no interfund balances on the fund financial statements at June 30, 2016.

B. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Building and Building Improvements	\$ 270,953	\$ -	\$ -	\$ 270,953
Machinery and Equipment	3,414,801	592,633	-	4,007,434
Total Capital Assets Being Depreciated	<u>3,685,754</u>	<u>592,633</u>	<u>-</u>	<u>4,278,387</u>
<i>Less Accumulated Depreciation For:</i>				
Building and Building Improvements	6,774	13,548	-	20,322
Machinery and Equipment	1,160,356	-	-	1,160,356
Total Accumulated Depreciation	<u>1,167,130</u>	<u>13,548</u>	<u>-</u>	<u>1,180,678</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>2,518,624</u>	<u>579,085</u>	<u>-</u>	<u>3,097,709</u>
Government Activity Capital Assets, Net	<u>\$ 2,518,624</u>	<u>\$ 579,085</u>	<u>\$ -</u>	<u>\$ 3,097,709</u>
Business-Type Activities:				
<i>Capital Assets Being Depreciated:</i>				
Machinery and Equipment	\$ 157,588	\$ -	\$ -	\$ 157,588
Less Accumulated Depreciation	(65,264)	(15,957)	-	(81,221)
Enterprise Fund Capital Assets, Net	<u>\$ 92,324</u>	<u>\$ (15,957)</u>	<u>\$ -</u>	<u>\$ 76,367</u>

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by charter schools in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
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**NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES
(CONTINUED)**

Capital Assets (Continued)

from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the Charter School has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense was charged to functions as follows:

Depreciation Expense:	
Instructional	\$ 617,718
Administration	37,249
Support	66,289
Unallocated	13,548
Total	<u>\$ 734,804</u>

**NOTE 3: DETAILED DISCLOSURES REGARDING LIABILITIES AND EXPENSES
/EXPENDITURES**

Operating Leases

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. Future minimum lease payments are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2017	<u>\$ 1,054,000</u>
Total future minimum lease payments	<u>\$ 1,054,000</u>

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 3: DETAILED DISCLOSURES REGARDING LIABILITIES AND EXPENSES
/EXPENDITURES

Operating Leases

In addition, the school leases classroom and office space at 196 W. Railway Ave., Paterson, New Jersey under a lease agreement for three (3) years commencing July 1, 2014 and ending June 30, 2017. The lease requires annual rental payments as follows:

2017	<u>\$ 1,395,200</u>
Total future minimum lease payments	<u><u>\$ 1,395,200</u></u>

Capital Lease Payable

The Charter School is leasing technology equipment totaling \$2,400,000 under a capital lease. The capital lease is for a term of three years. The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2016:

<u>Year</u>	<u>Amount</u>
2017	<u>\$ 760,017</u>
Total Minimum Lease Payments	760,017
Less: Amount Representing Interest	<u>(120,034)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$ 639,983</u></u>

NOTE 4: PENSION PLANS

Substantially all the Board's employees participate in one of the two contributory, defined benefit public employee systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

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 Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4: PENSION PLANS (CONTINUED)

Benefits Provided

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:

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, 2010 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 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 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit 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 50 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. 15A and required contributions by active members and contributing members. 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.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
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NOTE 4: PENSION PLANS (CONTINUED)

Contributions (Continued)

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. District contributions to PERS amounted to \$272,129 for fiscal year 2016.

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

At June 30, 2016, the Charter School reported a liability of \$7,033,480 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 which was rolled forward to June 30, 2015. 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. At June 30, 2015, the Charter School's proportion was 0.0313323293%, which was a decrease of -0.01920386% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2015, the Charter School recognized pension expense of \$224,462. At June 30, 2015, the Charter School reported deferred outflows of resources and deferred related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 755,340	\$ -
Difference Between Expected and Actual Experience	930,388	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	113,085
	<u>\$ 1,685,728</u>	<u>\$ 113,085</u>

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4: PENSION PLANS (CONTINUED)

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

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

*

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuations as of July 1, 2014. This actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40% based on age
Thereafter	3.15-5.40% based on age
Investment Rate of Return	7.90%

Actuarial Assumptions (Continued)

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
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JUNE 30, 2016**

NOTE 4: PENSION PLANS (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>
Cash	5.00%	1.04%
Core Bonds	1.75%	1.64%
Intermediate-Term Bonds	10.00%	1.79%
Mortgage	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2015 and June 30, 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% and 4.63% as of June 30, 2015 and June 30, 2014, respectively based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments after that date in determining the total pension liability.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4: PENSION PLANS (CONTINUED)

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

The following presents the Charter School's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Fiscal Year Ended June 30, 2015			
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Charter School's proportionate share of the Net Pension Liability	\$ 8,741,755	\$ 7,033,480	\$ 5,601,275

Fiscal Year Ended June 30, 2014			
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
Charter School's proportionate share of the Net Pension Liability	\$ 7,379,966	\$ 5,866,269	\$ 4,595,149

Pension Plan Fiduciary Net Position

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

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 fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 4: PENSION PLANS (CONTINUED)

Benefit Provided

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, member's beneficiaries are entitled to full interest credited to the member's 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, 2010 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 Tier 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 65. Early retirement benefits are available to Tier 1 and 2 members before reaching age 60, to Tier 3 and 4 before age 62 with 25 or more years of service credit 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 member retires prior to the age of which a member can receive full early retirement benefits in accordance with their 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.

Contributions

The contribution policy for TPAF is set by N.J.S.A 18A:66 and requires contributions by active members and contributing members. 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 included 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 2015 and 2014, the State's pension contribution was less than the actuarially determined amount.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4: PENSION PLANS (CONTINUED)

Special Funding Situation

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 nonemployer 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.

This note discloses 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 2016, the State of New Jersey contributed \$54,171 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$272,412.

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

As of June 30, 2016, the State's proportionate share of the net pension liability associated with the Charter School was \$. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015.

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. At June 30, 2015, Charter School's proportion was 0.0506882%, which was an increase of 0.0001520% 32,037,111 from its proportion measured as of June 30, 2014.

Charter School's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	7,033,480
	7,033,480
Total	\$ 7,033,480

For the fiscal year ended June 30, 2015, the State recognized pension expense on behalf of the Charter School in the amount of \$272,412 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4: PENSION PLANS (CONTINUED)

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

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 7,200,153,386	\$ -
Difference Between Expected and Actual Experience	321,224,871	19,039,817
Changes in Proportion and differences between employer contributions and proportionate share of contributions	117,933,318	117,933,318
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		535,359,188

The \$7,639,311,575 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$672,332,323 reported as a deferred inflow of resources resulting from the difference between projected and actual.

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2016	\$ 818,433,596
2017	818,433,596
2018	818,433,598
2019	1,253,742,742
2020	1,061,100,680
Thereafter	<u>2,196,835,040</u>
	<u>\$ 6,966,979,252</u>

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4: PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 200 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 is summarized in the following table:

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
U.S. Equity Markets	27.25%	5.63%
Foreign Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds- Multi Strategy	4.00%	4.59%
Hedge Funds- Equity Hedge	4.00%	5.68%
Hedge Funds- Distressed	4.00%	4.30%

Discount Rate – TPAF

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

The following presents the net pension liability of the State as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the State's 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:

	Fiscal Year Ended June 30, 2015		
	1%	Current	1%
	Decrease (3.13%)	Discount Rate (4.13%)	Increase (5.13%)
Charter School's proportionate share of the Net Pension Liability	\$ 38,299,966	\$ 32,216,342	\$ 26,993,807

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4: PENSION PLANS (CONTINUED)

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

	Fiscal Year Ended June 30, 2014		
	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
Charter School's proportionate share of the Net Pension Liability	\$ 32,806,920	\$ 27,276,879	\$ 22,677,331

Pension Plan Fiduciary Net Position – TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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 DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

The contribution policy is set by the New Jersey Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by the State of New Jersey regulation. Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) (Continued)

For DCRP, the Charter School recognized no pension expense for the fiscal year ended June 30, 2016. There were no employee contributions to DCRP for the fiscal year ended June 30, 2016.

NOTE 5: POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The school contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/gasb43-sept2008.pdf.

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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 school districts 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 school districts 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

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

Fiscal Year	Contributions	School Contributions	Amount Reimbursed	Ending Balance
2015-2016	\$ 1	\$ 22,472	\$ 22,473	\$ -
2014-2015	-	66,005	66,005	-
2013-2014	2,632	21,606	24,238	-

NOTE 7: DETAILED DISCLOSURE REGARDING FUND EQUITY

General Fund

Of the \$742,434 General Fund balance at June 30, 2016, \$742,434 is unassigned and undesignated.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8: SUBSEQUENT EVENTS

The Paterson Charter School for Science and Technology's management has informed us that there are no significant events that need to be disclosed after the balance sheet date through the date of audit.

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, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Levy Budget:					
"Local Levy" Local Share-Charter School Aid	\$ 1,453,791	\$ 179,212	\$ 1,633,003	\$ 1,632,630	\$ (373)
Total Local Levy Budget	1,453,791	179,212	1,633,003	1,632,630	(373)
Categorical Aid:					
"Local Levy" State Share-Charter School Aid	12,251,814	8,772	12,260,586	12,209,010	(51,576)
Special Education Aid	287,644	(77,973)	209,671	201,668	(8,003)
Security Aid	472,795	(3,735)	469,060	473,163	4,103
Total Categorical Aid	13,012,253	(72,936)	12,939,317	12,883,841	(55,476)
Revenues From Other Sources:					
Interest Income				2,292	2,292
Donations and Contributions					
Miscellaneous Revenue	92,183	(69,357)	22,826	59,248	36,422
Refund of Prior Year Expense				230	230
On-Behalf TPAF Pension Contributions/Medical Benefits (Non-Budgeted)				1,053,879	1,053,879
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				487,908	487,908
Total Revenues From Other Sources	92,183	(69,357)	22,826	1,603,557	1,580,731
Total Revenues	14,558,227	36,919	14,595,146	16,120,028	1,524,882
EXPENDITURES:					
Instruction:					
Salaries of Teachers	5,055,585	156,930	5,212,515	5,180,991	31,524
Other Salaries for Instruction	414,138	(41,235)	372,903	341,744	31,159
Purchased Prof/Tech Services	191,645	101,401	293,046	291,446	1,600
Other Purchased Services	248,764	10,726	259,490	259,490	-
General Supplies	127,808	(19,333)	108,475	100,031	8,444
Textbooks	77,000	2,223	79,223	79,223	-
Miscellaneous	17,285	(1,392)	15,893	15,416	477
Total Instruction	6,132,225	209,320	6,341,545	6,268,341	73,204
Administration:					
Salaries - General Administration	726,918	(78,830)	648,088	646,215	1,873
Salaries of Secretarial/Clerical Assistants	182,111	29,587	211,698	211,698	-
Total Benefits Cost	1,961,246	(103,243)	1,858,003	1,856,656	1,347
Purchases Prof/Tech Services	150,702	28,329	179,031	173,281	5,750
Other Purchased Services	91,580	(11,264)	80,316	79,947	369
Supplies and Materials	15,000	10,712	25,712	25,273	439
Interest on Current Loans		4,708	4,708	4,445	263
Miscellaneous Expenses	24,488	(1,182)	23,306	23,156	150
Total Administration	3,152,045	(121,183)	3,030,862	3,020,671	10,191

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, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services:					
Salaries	\$ 1,848,957	\$ (2,503)	\$ 1,846,454	\$ 1,813,309	\$ 33,145
Purchased Prof/Ed Services	50,000	5,092	55,092	55,092	-
Purchased Prof/Tech Services	40,575	(12,200)	28,375	23,131	5,244
Rental of Land and Buildings	2,449,200		2,449,200	2,448,175	1,025
Other Purchased Services	233,200	(9,231)	223,969	223,604	365
Transportation-Other Than To/From School	72,237	6,290	78,527	71,775	6,752
Insurance for Property, Liability and Fidelity	86,741	1,957	88,698	88,698	-
Supplies and Materials	58,000	1,817	59,817	54,738	5,079
Energy Costs (Heat and Electricity)	244,662	3,807	248,469	248,469	-
Total Support Services	5,083,572	(4,971)	5,078,601	5,026,991	51,610
Capital Outlay:					
Instructional Equipment	329,681		329,681	329,680	1
Non-Instructional Equipment	477,551	(59,157)	418,394	418,088	306
Miscellaneous Expenses	15,000		15,000	15,000	-
Total Capital Outlay	822,232	(59,157)	763,075	762,768	307
On-Behalf TPAF Pension Contributions/Medical Benefits (Non-Budgeted)				1,053,879	(1,053,879)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				487,908	(487,908)
Total Expenditures	15,190,074	24,009	15,214,083	16,620,558	(1,406,475)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(631,847)	12,910	(618,937)	(500,530)	118,407
FUND BALANCE, JULY 1	1,242,965	-	1,242,965	1,242,964	(1)
FUND BALANCE, JUNE 30	\$ 611,118	\$ 12,910	\$ 624,028	\$ 742,434	\$ 118,406
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	\$ 611,118	\$ 12,910	\$ 624,028	\$ 742,434	\$ 118,406
Total	\$ 611,118	\$ 12,910	\$ 624,028	\$ 742,434	\$ 118,406

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, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Federal	\$ 938,059	\$ (18,776)	\$ 919,283	\$ 919,283	\$ -
Total Revenues	938,059	(18,776)	919,283	919,283	-
EXPENDITURES:					
Instruction:					
Salaries	210,625	(50,054)	160,571	160,571	-
Salaries of Teachers	110,380	(2,830)	107,550	107,550	-
Purchased Prof/Tech Services	238,513	36,560	275,073	275,073	-
General Supplies	61,708	77,862	139,570	139,570	-
Total Instruction	621,226	61,538	682,764	682,764	-
Support Services:					
Salaries	117,400	(33,400)	84,000	84,000	-
Personal Services - Employee Benefits	83,308	(15,682)	67,626	67,626	-
Purchased Prof/Ed Services	52,125	(14,910)	37,215	37,215	-
Purchased Professional Services	25,600	(10,047)	15,553	15,553	-
Other Purchased Services	10,000	280	10,280	10,280	-
Supplies and Materials	28,400	(6,555)	21,845	21,845	-
Total Support Services	316,833	(80,314)	236,519	236,519	-
Total Expenditures	938,059	(18,776)	919,283	919,283	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2016

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 basis) "revenues" from the budgetary comparison schedules	[C-1]	\$ 16,120,028	[C-2]		919,283
 Difference - Budget to GAAP					
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses in accordance with GASB 33.					
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized					
<hr style="width: 20%; margin: auto;"/>					
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2]	<u>\$ 16,120,028</u>	[B-2]		<u>\$ 919,283</u>
 Uses/Outflows of resources					
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 16,620,558	[C-2]	\$	919,283
 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.					
<hr style="width: 20%; margin: auto;"/>					
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 16,620,558</u>	[B-2]	\$	<u>919,283</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

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 THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2014	2015	2016
Charter School's proportion of the net pension liability	0.0386160%	0.050536189%	0.050688207%
Charter School's proportionate share of the net pension liability	\$ 4,813,003	\$ 5,035,604	\$ 7,033,480
Charter School's covered employees payroll	\$ 2,989,172	\$ 3,147,799	\$ 1,517,838
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	161%	160%	463%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%	47.93%

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 THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2014	2015	2016
Contractually required contribution	\$ 189,750	\$ 221,724	\$ 272,129
Contributions in relation to the contractually required contribution	(213,965)	(221,724)	(272,129)
Contribution deficiency/(excess)	<u>\$ (24,215)</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	\$ 2,989,172	\$ 3,147,799	\$ 3,147,799
Contributions as a percentage of covered employee payroll	6.35%	7.04%	8.65%

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
TEACHER'S PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2014	2015	2016
State's proportion of the net pension liability attributable of the Charter School	0.0386160%	0.0505362%	0.05068821%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 19,516,211	\$ 27,009,948	\$ 32,037,111
CS / District's covered employees payroll	\$ 5,915,567	\$ 5,943,698	\$ 5,994,422
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	329.91%	454.43%	534.45%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%

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

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, 2016

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 5.55% as of June 30, 2014 to 5.39% as of June 30, 2015 in accordance with Paragraph 44 of GASB Statement No. 67.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHER'S PENSION AND ANNUITY FUND
FOR FISCAL YEAR ENDED JUNE 30, 2016

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 4.95% as of June 30, 2014 to 4.68% as of June 30, 2015 in accordance with Paragraph 44 of GASB Statement No. 67.

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, 2016

	NCLB Title I	I.D.E.A. Part B	I.D.E.A. PreSchool	NCLB Title II	Grand Total
REVENUE SOURCES:					
Federal	\$ 685,428	\$ 211,744	\$ 2,831	\$ 19,280	\$ 919,283
Total Revenues	685,428	211,744	2,831	19,280	919,283
EXPENDITURES:					
Instruction:					
Salaries	160,571				160,571
Salaries of Teachers	107,550				107,550
Purchased Prof/Tech Services	61,481	211,744	1,848		275,073
General Supplies	138,587		983		139,570
Total Instruction	468,189	211,744	2,831	-	682,764
Support Services:					
Salaries	84,000				84,000
Personal Services - Employee Benefits	67,626				67,626
Purchased Prof/Ed Services	28,215			9,000	37,215
Other Purchased Prof/Tech Services	15,553				15,553
Contr Services - Trans (Bet Home & Sch)				10,280	10,280
Supplies and Materials	21,845				21,845
Total Support Services	217,239	-	-	19,280	236,519
Total Expenditures	685,428	211,744	2,831	19,280	919,283
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

**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 district'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 school district.

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

**SECTION H – FIDUCIARY FUNDS
DETAIL STATEMENT**

Fiduciary Funds are used to account for funds received by the school for a specific purpose.

Unemployment Insurance Compensation Trust Fund – This expendable trust fund is used to account for deductions from employee’s salaries which are utilized to pay unemployment compensation claims as they arise.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – this agency fund is used to account for payroll transactions of the charter school.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 As of June 30, 2016

	Trusts		Agency				Total Agency Fund
	Unemployment Compensation Insurance	Flexible Spending Account	Payroll Agency	Net Payroll	Student Activities		
ASSETS:							
Cash and Cash Equivalents	\$ -	\$ 10,096	\$ 16	\$ 21	\$ 48,977	\$ 49,014	
Total Assets	\$ -	\$ 10,096	\$ 16	\$ 21	\$ 48,977	\$ 49,014	
LIABILITIES:							
Interfund Accounts Payable Due to Student Groups	\$ -	-	16	21	-	37	48,977
Total Liabilities	\$ -	-	\$ 16	\$ 21	\$ 48,977	\$ 49,014	
NET POSITION:							
Held in Trust for Claims		10,096					
Total Net Position	\$ -	\$ 10,096					

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Fiduciary Funds

Student Activity Agency Fund

Schedule of Receipts and Disbursements

For the Fiscal Year Ended June 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
School Activities	<u>\$ 41,611</u>	<u>\$ 190,424</u>	<u>\$ 183,058</u>	<u>\$ 48,977</u>
Total	<u><u>\$ 41,611</u></u>	<u><u>\$ 190,424</u></u>	<u><u>\$ 183,058</u></u>	<u><u>\$ 48,977</u></u>

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
 Fiduciary Funds
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
ASSETS:				
Cash and Cash Equivalents	\$ 13	\$ 4,897,590	\$ 4,897,587	\$ 16
Total Assets	<u>\$ 13</u>	<u>\$ 4,897,590</u>	<u>\$ 4,897,587</u>	<u>\$ 16</u>
LIABILITIES:				
Interfund Accounts Payable	\$ 13	\$ 3	\$ -	\$ 16
Payroll Deductions and Withholdings		4,897,587	4,897,587	
Total Liabilities	<u>\$ 13</u>	<u>\$ 4,897,590</u>	<u>\$ 4,897,587</u>	<u>\$ 16</u>

SECTION I – LONG-TERM DEBT SCHEDULES

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the Charter School. This includes serial bonds outstanding and obligations under capital leases.

Paterson Charter School for Science and Technology
 Long-Term Debt
 Schedule of Obligations Under Capital Leases
 As of June 30, 2016

Issue	Date of Issue	Amount of Issue	Interest Rate Payable	Balance July 1, 2015	Issued	Retired	Balance June 30, 2016
Lease Obligation	7/1/2014	\$ 2,400,000	3.571%	\$ 1,400,000	\$ -	\$ 700,000	\$ 700,000
				\$ 1,400,000	\$ -	\$ 700,000	\$ 700,000

**STATISTICAL SECTION
(UNAUDITED)**

Paterson Charter School for Science and Technology has been in operation for ten (10) years. GASB requires that ten years of statistical data be presented. The following information is presented utilizing information available.

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 comprehensive annual financial reports (CAFR) 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,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net Investment in Capital Assets	2397709	1839880	275580	266681	-203448	31616	14765	20163	23089	26016
Unrestricted	(4,502,942)	(3,655,292)	3,058,045	2,945,016	2,536,728	2,409,087	1,843,645	1,273,368	212,470	148,886
Total Governmental Activities Net Position	<u>\$ (2,105,233)</u>	<u>\$ (1,815,412)</u>	<u>\$ 3,333,625</u>	<u>\$ 3,211,697</u>	<u>\$ 2,333,280</u>	<u>\$ 2,440,703</u>	<u>\$ 1,858,410</u>	<u>\$ 1,293,531</u>	<u>\$ 235,559</u>	<u>\$ 174,902</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 83,253	\$ 83,253	\$ 32,465	\$ 23,770	\$ 23,770	\$ 24,795	\$ 25,485	\$ 6,293	\$ 7,107	\$ 7,920
Unrestricted	116,858	164,905	127,807	168,038	166,871	98,035	69,578	23,212	4,352	
Total Business-Type Activities Net Position	<u>\$ 200,111</u>	<u>\$ 248,158</u>	<u>\$ 160,272</u>	<u>\$ 191,808</u>	<u>\$ 190,641</u>	<u>\$ 122,830</u>	<u>\$ 95,063</u>	<u>\$ 29,505</u>	<u>\$ 11,459</u>	<u>\$ 7,920</u>
Government-Wide										
Net Investment in Capital Assets	\$ 2,480,962	\$ 1,923,133	\$ 308,045	\$ 290,451	\$ (179,678)	\$ 56,411	\$ 40,250	\$ 26,456	\$ 30,196	\$ 33,936
Unrestricted	(4,386,084)	(3,490,387)	3,185,852	3,113,054	2,703,599	2,507,122	1,913,223	1,296,580	216,822	148,886
Total Charter School Net Position	<u>\$ (1,905,122)</u>	<u>\$ (1,567,254)</u>	<u>\$ 3,493,897</u>	<u>\$ 3,403,505</u>	<u>\$ 2,523,921</u>	<u>\$ 2,563,533</u>	<u>\$ 1,953,473</u>	<u>\$ 1,323,036</u>	<u>\$ 247,018</u>	<u>\$ 182,822</u>

Source: Comprehensive Annual 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,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental Activities:										
Administration	\$ 1,202,817	\$ 2,251,993	\$ 1,777,411	\$ 1,813,483	\$ 1,607,357	\$ 1,354,972	\$ 1,479,913	\$ 1,151,129	\$ 919,035	\$ 885,638
Support Services	6,082,347	6,643,465	6,280,683	5,829,281	6,120,760	4,332,206	2,553,882	2,246,026	1,680,601	1,453,521
Capital Outlay	170,135	360,546	70,174	102,611	(73,062)	32,507	50	63,296		
Total Governmental Activities Expenses	17,315,584	16,103,419	16,695,550	15,527,046	15,882,714	11,081,685	7,836,646	6,991,094	5,697,278	4,621,620
Business-Type Activities:										
Food Service	829,566	660,550	802,848	702,760	592,179	386,212	209,060	160,911	155,230	176,375
Total Business-Type Activities Expenses	829,566	660,550	802,848	702,760	592,179	386,212	209,060	160,911	155,230	176,375
Total Government-Wide Expenses	\$ 18,145,150	\$ 16,763,969	\$ 17,498,398	\$ 16,229,806	\$ 16,474,893	\$ 11,467,897	\$ 8,045,706	\$ 7,152,005	\$ 5,852,508	\$ 4,797,995
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	\$ 201,668	\$ 258,791	\$ 305,903	\$ 286,804	\$ 164,840	\$ 192,700	\$ 156,625	\$ 93,675	\$ 101,505	\$ 125,880
Total Governmental Activities Revenues	201,668	258,791	305,903	286,804	164,840	192,700	156,625	93,675	101,505	125,880
Business-Type Activities:										
Charges for Services	\$ 95,710	\$ 67,882	\$ 89,336	\$ 93,337	\$ 155,352	\$ 132,222	\$ 53,469	\$ 19,636	\$ 17,321	\$ 16,685
Operating Grants and Contributions	685,445	680,228	681,925	608,200	504,413	280,704	209,891	155,357	125,104	123,381
Total Business-Type Activities Revenues	781,155	748,110	771,261	701,537	659,765	412,926	263,360	174,993	142,425	140,066
Total Government-Wide Program Revenues	\$ 982,823	\$ 1,006,901	\$ 1,077,164	\$ 988,341	\$ 824,605	\$ 605,626	\$ 419,985	\$ 268,668	\$ 243,930	\$ 265,946
Net (Expense)/Revenue										
Governmental Activities	\$ (17,113,916)	\$ (15,844,628)	\$ (16,389,647)	\$ (15,240,242)	\$ (15,717,874)	\$ (10,888,985)	\$ (7,680,021)	\$ (6,897,419)	\$ (5,595,773)	\$ (4,495,740)
Business-Type Activities	(48,411)	87,560	(31,587)	(1,223)	67,586	26,714	54,300	14,082	(12,805)	(36,309)
Total Government-Wide Net Expense	\$ (17,162,327)	\$ (15,757,068)	\$ (16,421,234)	\$ (15,241,465)	\$ (15,650,288)	\$ (10,862,271)	\$ (7,625,721)	\$ (6,883,337)	\$ (5,608,578)	\$ (4,532,049)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
General Purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,284,588	\$ 799,123
Federal and State Aid Not Restricted	16,775,873	16,634,274	16,507,691	16,099,585	15,601,904	11,439,501	8,242,866	7,942,844	4,353,301	3,550,190
Investment Earnings	2,292	2,949	209	373						
Miscellaneous Income	59,478	46,909	3,675	18,916	8,174	30,817	236	10,518	18,541	15,914
Total Governmental Activities	16,837,643	16,684,132	16,511,575	16,118,874	15,610,078	11,470,318	8,243,102	7,953,362	5,656,430	4,365,227
Business-Type Activities:										
Miscellaneous Income	\$ 364	\$ 326	\$ 51	\$ 309	\$ 225	\$ 1,053	\$ 11,258	\$ 3,964	\$ 16,344	\$ 35,496
Total Business-Type Activities	364	326	51	309	225	1,053	11,258	3,964	16,344	35,496
Total Government-Wide	\$ 16,838,007	\$ 16,684,458	\$ 16,511,626	\$ 16,119,183	\$ 15,610,303	\$ 11,471,371	\$ 8,254,360	\$ 7,957,326	\$ 5,672,774	\$ 4,400,723
Change in Net Position										
Governmental Activities	\$ (276,273)	\$ 839,504	\$ 121,928	\$ 878,632	\$ (107,796)	\$ 581,333	\$ 563,081	\$ 1,055,943	\$ 60,657	\$ (130,513)
Business-Type Activities	(48,047)	87,886	(31,536)	(914)	67,811	27,767	65,558	18,046	3,539	(813)
Total Government-Wide Change in Net Position	\$ (324,320)	\$ 927,390	\$ 90,392	\$ 877,718	\$ (39,985)	\$ 609,100	\$ 628,639	\$ 1,073,989	\$ 64,196	\$ (131,326)

Source: Comprehensive Annual Financial Report

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,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Unassigned	\$ 742,434	\$ 1,242,964	\$ 3,132,545	\$ 3,006,291	\$ 2,066,599	\$ 2,409,087	\$ 1,818,923	\$ 1,239,037	\$ 212,470	\$ 148,886
Total General Fund	<u>\$ 742,434</u>	<u>\$ 1,242,964</u>	<u>\$ 3,132,545</u>	<u>\$ 3,006,291</u>	<u>\$ 2,066,599</u>	<u>\$ 2,409,087</u>	<u>\$ 1,818,923</u>	<u>\$ 1,239,037</u>	<u>\$ 212,470</u>	<u>\$ 148,886</u>

Source: Comprehensive Annual 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,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Interest In Investments	2,292	2,949	209	158	373	960	1,798	2,029		
Miscellaneous	59,478	46,909	3,675	18,916	8,174	30,817	236	10,518	18,541	15,914
State Sources	14,425,628	14,473,354	14,381,872	13,827,912	13,102,811	9,649,515	7,265,934	6,790,411	4,028,567	3,371,879
Federal Sources	919,283	896,993	881,594	1,011,077	1,168,491	875,584	245,865	386,944	426,239	304,191
Total Revenues	17,039,311	16,942,923	16,817,478	16,405,463	15,775,291	11,663,978	8,401,525	8,049,066	5,757,935	4,491,107
Expenditures:										
Instruction	6,951,105	7,039,449	6,849,254	6,069,098	6,567,794	4,279,997	3,092,141	3,052,805	2,675,880	1,975,147
Administration	4,562,458	4,657,552	4,133,640	4,084,796	3,608,433	2,858,190	2,241,661	1,760,079	1,407,728	1,242,765
Support Services	5,263,510	5,876,026	5,638,156	5,209,266	5,744,687	3,903,120	2,497,396	2,146,319	1,610,743	1,399,702
Capital Outlay	762,768	1,259,477	70,174	102,611	196,865	32,507	24,772	63,296	-	-
Total Expenditures	17,539,841	18,832,504	16,691,224	15,465,771	16,117,779	11,073,814	7,855,970	7,022,499	5,694,351	4,617,614
Net Change in Fund Balances	\$ (500,530)	\$ (1,889,581)	\$ 126,254	\$ 939,692	\$ (342,488)	\$ 590,164	\$ 545,555	\$ 1,026,567	\$ 63,584	\$ (126,507)

Source: Comprehensive Annual 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	Prior Year Refunds	Investment Earnings	Miscellaneous Revenue	Annual Total
2016	-	230	2,292	59,248	61,770
2015	168	2,697	2,949	44,044	49,858
2014		150	209	3,525	3,884
2013		180	158	18,736	19,074
2012			373	8,174	8,547
2011		2,633	960	23,184	26,777
2010				236	236
2009				10,518	10,518
2008				18,541	18,541
2007				15,914	15,914

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	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction	99	98	98	98	87	58	48	45	39	35
Administrative	10	12	12	11	4	4	4	5	7	9
Support Services	50	59	68	67	65	40	36	31	17	12
Food Service	2	2	3	3	3	1	1	1	1	1
Total	161	171	181	179	159	103	89	82	64	57

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 Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	Percent Change in Average Daily Enrollment	Student Attendance Percentage
2016	1,061	\$ 16,777,073	\$ 14,343	-8.48%	99	1:11	1062.9	1022.58	1.49%	96.21%
2015	1,045	17,573,027	15,672	-2.49%	98	1:11	1047.6	1007.55	1.31%	96.19%
2014	1,034	16,042,858	16,072	8.48%	98	1:11	1034.1	1037.95	0.80%	96.23%
2013	1,046	16,621,050	14,815	-3.41%	87	1:11	1043	1007.1	0.51%	93.38%
2012	1,038	15,363,160	15,338	4.33%	58	1:12	1037.7	969	27.72%	98.12%
2011	751	15,920,914	14,702	6.07%	48	1:13	750.1	736	-0.53%	0.00%
2010	565	11,041,307	13,861	13.13%	45	1:12	565	N/A	13.20%	95.95%
2009	568	7,831,198	12,252	6.08%	39	1:12	568	545	17.24%	92.09%
2008	493	6,959,203	11,550	2.05%	35	1:12	493	454	19.85%	100.00%
2007	408	5,694,351	11,318	15.91%	28	1:12	408	408	52.29%	89.60%

Sources: Charter School records

Note: Enrollment based on annual final 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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Charter School Building										
<u>Elementary</u>										
Square Feet	68,000	68,000	68,000	68,000	68,000	19,138				
Capacity (students)	564	564	564	564	564	180				
Enrollment	555	555	560	555	556	176				
<u>High School/Middle School</u>										
Square Feet	87,200	87,200	103,000	103,000	103,000	66,213	66,213	66,213	66,213	66,213
Capacity (students)	504	504	504	504	504	588	588	588	504	420
Enrollment	490	490	474	485	482	575	561	568	493	408

Number of Schools at June 30, 2016
 Elementary = 1 (Grades K-6)
 High School/Middle School = 1 (Grades 7-12)

Source: Charter School Facilities Office

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



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

Policy Number: P876AG

Premium: \$69,488.96

Named Insured:

Paterson Charter School for Science and Technology
276 Wabash Avenue
Paterson , NJ 07503

Agent:

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

Policy Term: 07/01/2015 to 07/01/2016 12:01 AM Eastern Standard Time

Article I - Property

Real and Personal Property	\$400,000,000 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	Not Covered
Loss of Business Income/Tuition	20,000.00
Limited Builders Risk	\$5,000,000 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
Fine Arts	Not Covered
Sublimits: Special Flood Hazard Area Flood Zones	\$20,000,000 per occurrence/ NJSIG annual aggregate
Accounts Receivable	\$250,000 per occurrence
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

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: P876AG

Article II - Electronic Data Processing

Hardware/Software		\$550,000 per occurrence
Extra Expense		Included
Coverage Extensions:	Transit	\$25,000
	Loss of Income	\$10,000
	Terrorism	Included in Property
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	\$100,000
	Business Income	Included
	Extra Expense	\$10,000,000
	Service Interruption	\$10,000,000
	Perishable Goods	\$500,000
	Data Restoration	\$100,000
	Contingent Business Income	\$100,000
	Demolition	\$1,000,000
	Ordinance or Law	\$1,000,000
	Expediting Expenses	\$500,000
	Hazardous Substances	\$500,000
	Newly Acquired Locations (120 days notice)	\$250,000
	Terrorism	Included

Deductibles: \$1,000 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: P876AG

Article IV - Crime

Insuring Agreements	Limits	Deductibles
Insuring Agreement 1 - Public Employee Dishonesty with Faithful Performance	\$250,000	\$1,000
Insuring Agreement 2 - Theft, Disappearance and Destruction - Loss of Money & Securities On or Off Premises	\$25,000	\$500
Insuring Agreement 3 - Theft, Disappearance and Destruction - Money Orders & Counterfeit Paper Currency	\$25,000	\$500
Insuring Agreement 4 - Forgery or Alteration	\$250,000	\$1,000
Insuring Agreement 5 - Computer Fraud	\$25,000	\$500
Public Officials Bond:		
Board Secretary	\$192,000	\$1,000
Treasurer	\$180,000	\$1,000

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	\$16,000,000 per occurrence \$17,000,000 annual NJSIG aggregate
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



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

Policy Number: P876AG

Article VI - Automobile

Liability

Symbol 1 Any Auto

Bodily Injury and Property Damage

\$16,000,000 per accident

Symbol 6 Uninsured/Underinsured Motorists - Private Passenger Auto

\$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)

\$250,000

Medical Payments

\$10,000 private passenger vehicles

\$5,000 all other vehicles

Terrorism

\$1,000,000 per occurrence/annual
NJSIG aggregate

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: P876AG

Applicable Policy Forms

NJSIG-P1 (7/15); NJSIG-PJLA (7/02); NJSIG-PPCA (7/14); NJSIG-PLR (7/05); NJSIG-DICC (7/15); NJSIG-P2 (7/13);
NJSIG-BI (7/13); NJSIG-PGYM (07/08); NJSIG-CPKG (07/15); NJSIG EDE (7/14)

NJSIG CSE (7/14)

NJSIG-EDP (7/14)

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-CBND1 (7/14)

NJSIG-G0 (7/11); NJSIG-G1 (7/13); NJSIG-G2 (7/14); NJSIG-G3 (7/15); NJSIG-G4 (7/09); NJSIG-GMP1 (7/15)

NJSIG-A1 (7/15); NJSIG-A2 (7/10); NJSIG-A3 (7/00); NJSIG-A4 (7/11); NJSIG-A5 (7/00); NJSIG-AGK1 (7/00);
NJSIG-A6 (7/11); NJSIG-A7 (7/13); NJSIG-A8 (7/07)

NJSIG-D-PKG (7/15)

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

A handwritten signature in dark ink, appearing to read "William M. Mayo". The signature is written in a cursive, flowing style.

William M. Mayo
NJSIG Executive Director

NJSIG-D-PKG (7/15)

Page 5 of 5



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.: 876AG-01

Policy Period: 07/01/2015 to 07/01/2016

EDP Value: \$550,000

Fine Arts Value: \$0

Business Income Value: \$20,000

Loss of Rents Value:

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
				Valuation Basis	Construction Type	Year Built	Expiration Date	Contents Value	Misc Prop Value	
1	Paterson Charter School of Science & Tech (Grades K-6)(Leased)	276 Wabash Avenue Paterson, NJ 07503	X	Inland		65000	07/01/2015	\$12,350,000		\$13,075,000
				Replacement Cost	Non-Combustible	1960	07/01/2016	\$725,000		
4	Location 2 - (Leased and Sublet to Paterson Arts & Science Charter School)	764 11th Avenue Paterson, NJ 07503	X	Inland		103000	07/01/2015	\$0		\$25,000
				Replacement Cost	Masonry Non-Combustible	1966	07/01/2016	\$25,000		
5	Administration Office (Leased)	669 River Drive Suite 140 Elmwood, NJ 07407		Inland		2664	07/01/2015	\$0		\$25,000
				Replacement Cost	Masonry	1989	07/01/2016	\$25,000		



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.: 876AG-01

Policy Period: 07/01/2015 to 07/01/2016

Bldg #	Description	Address	Flood Zone	Territory	Protection Class	Square Feet	Effective Date	Building Value	Builders Risk Value	Total Insured Value
				Valuation Basis	Construction Type	Year Built	Expiration Date	Contents Value	Misc Prop Value	
6	Paterson Charter School of Science & Tech (Grades 7-12)(Leased)	194-204 W. Railway Avenue Paterson, NJ 07503	X	Inland		87200	07/01/2015	\$17,540,000		\$19,915,000
				Replacement Cost	Masonry	1980	07/01/2016	\$2,375,000		
Policy Totals								\$29,890,000	\$0	\$33,040,000
								\$3,150,000	\$0	

*The Undersigned acknowledges that Environmental Coverage is SITE SPECIFIC and that in order for Environmental Coverage to apply, all locations listed on this Schedule of Properties must reflect the complete legal address of the property, including Street Number, City and Zip Code.

Authorized Signature (Board Secretary/Business Administrator)

Date



New Jersey Schools Insurance Group
Schedule of Automobiles

Named Insured: Paterson Charter School for Science and Technology

Policy No.: 876AG-01

Policy Period: 07/01/2015 to 07/01/2016

Veh #	Sys ID	Year	Make	Model	Vin	Effective Date	Expiration Date	Cost New	ACV/RCV	AL	APD
1	1	2011	Ford	F150 Truck	E03404	07/01/2015	07/01/2016	\$26,523	Actual Cash Value	YES	YES

NOTICE:

This Schedule of Automobiles encompasses all vehicles that are covered during the 07/01/2015 to 07/01/2016 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.



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

Policy Number: E876AG

Premium: \$31,610.58

Named Insured:

Paterson Charter School for Science and Technology
276 Wabash Avenue
Paterson, NJ 07503

Agent:

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

Policy Term: July 1, 2015 to July 1, 2016 12:01 AM Eastern Standard Time

Coverage A

Limit of Liability \$16,000,000 each policy period
Deductible \$5,000 each claim

Coverage B

Limit of Liability \$100,000 each claim
\$300,000 each policy period
Deductible \$5,000 each claim

This is a claims-made and reported policy. By acceptance of this policy, 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 this policy embodies all agreements existing between the Insured and the Company or any of its agents relating to this insurance.


Retroactive Dates for Coverages A & B

It is agreed that notwithstanding any provision of the policy to the contrary, this policy does 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 July 1, 1986
Retro Date for Coverage B July 1, 1986

Policy Forms: NJSIG-E1 (7/15), NJSIG-E2 (7/15)

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


William M. Mayo
NJSIG Executive Director

NJSIG-D-EO (7/15)

Page 1



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

Workers' Compensation and Employers' Liability Declarations Page

Policy Number: W876AG

Premium: \$50,208.68

Named Insured:

Paterson Charter School for Science and Technology
276 Wabash Avenue
Paterson, NJ 07503

Agent:

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

Policy Term: 07/01/2015 to 07/01/2016 12:01 AM Eastern Standard Time

Estimated Professional & Clerical Payroll	\$7,967,366.00
Estimated Non-Professional Payroll	\$286,879.00
Experience Modifier	0.6644
NJSIG Discount	0.4290


The limits of our liability under Part 1: Statutory

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

Bodily Injury by Accident	\$2,000,000 each accident
Bodily Injury by Disease	\$2,000,000 each employee
Bodily Injury by Disease	\$2,000,000 aggregate limit

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

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


William M. Mayo
NJSIG Executive Director

New Jersey Schools Insurance Group

Public Official Bond

Number P876AG

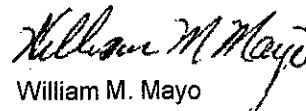
Know all men by these present that we, Ifan Evcil of 275 Stoot St 6B , Hackensack , NJ 07601, in the state of New Jersey as principal and the New Jersey Schools Insurance Group, a self-insured pool, duly organized and existing under and by the virtue of the laws of the State of New Jersey, and authorized to become sole Surety on bonds in the State of New Jersey as Surety, and held and firmly bound unto Paterson Charter School for Science and Technology in the State of New Jersey, in the penal sum of \$192,000, lawful money of the United States, for payment of which will truly be made, said Principal binds himself/herself, its successors and assigns, jointly and severally, firmly by these present, the liability of Surety, however being limited to the penal amount above regardless of the number of years this bond remains in force or the number of premiums paid.

Whereas the said Principal has been appointed to the office of Board Secretary. The term for this bond begins July 1, 2015 and ends July 1, 2016, and is required to furnish the bond for the faithful performance of the duties of said position.

Now, therefore the conditions of this obligation are such that if the above bounden Principal shall (except as hereafter provided) faithfully perform the duties of his/her position during the said term, and shall pay over to the persons authorized by law to receive the same, all moneys that may come into his/her hands during the said term without fraud or delay, and at the expiration of said term, or in the case of his/her resignation or removal from his/her position shall turn over to his/her successors all records and property which have come into his/her hands, then this obligation shall be null and void.

Provided, however, that the above named Surety shall not be liable hereunder for any loss of public funds resulting from the insolvency of any bank or banks in which said funds are deposited, and if this provision shall be held void, this entire bond shall be void.

And provided further, that the Surety may cancel this bond at any time during the said term by giving to the Obligee a written notice of its desire to so cancel and at the expiration of thirty (30) days from the receipt of such notice by the Obligee the Surety shall be completely released as to all liability thereafter accruing. If this provision shall be held void, this entire bond shall be void.



William M. Mayo

NJSIG Executive Director

NJSIG-CBND1 (07/11)

New Jersey Schools Insurance Group

Public Official Bond

Number P876AG


Know all men by these present that we, Christopher Lessard of 127 Hartman Road , Milford , PA 18337, in the state of New Jersey as principal and the New Jersey Schools Insurance Group, a self-insured pool, duly organized and existing under and by the virtue of the laws of the State of New Jersey, and authorized to become sole Surety on bonds in the State of New Jersey as Surety, and held and firmly bound unto Paterson Charter School for Science and Technology in the State of New Jersey, in the penal sum of \$180,000, lawful money of the United States, for payment of which will truly be made, said Principal binds himself/herself, its successors and assigns, jointly and severally, firmly by these present, the liability of Surety, however being limited to the penal amount above regardless of the number of years this bond remains in force or the number of premiums paid.

Whereas the said Principal has been appointed to the office of Treasurer. The term for this bond begins July 1, 2015 and ends July 1, 2016, and is required to furnish the bond for the faithful performance of the duties of said position.

Now, therefore the conditions of this obligation are such that if the above bounden Principal shall (except as hereafter provided) faithfully perform the duties of his/her position during the said term, and shall pay over to the persons authorized by law to receive the same, all moneys that may come into his/her hands during the said term without fraud or delay, and at the expiration of said term, or in the case of his/her resignation or removal from his/her position shall turn over to his/her successors all records and property which have come into his/her hands, then this obligation shall be null and void.

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William M. Mayo

NJSIG Executive Director

New Jersey Schools Insurance Group

Public Official Bond

Number P876AG


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William M. Mayo

NJSIG Executive Director

New Jersey Schools Insurance Group

Public Official Bond

Number P876AG

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William M. Mayo

NJSIG Executive Director

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
 Charter School Performance Framework Financial Indicators
 Fiscal Ratios
 Last Three Fiscal Years

	2014	2015	2016	Source
	Audit	Audit	Audit	
Cash	3,413,171	1,486,552	852,516	Audit: Exhibit A-1
Current Assets (includes CASH)	3,659,997	1,950,988	1,117,091	Audit: Exhibit A-1
Total Assets	3,893,542	5,720,747	4,291,167	Audit: Exhibit A-1
Current Liabilities	399,645	552,190	250,913	Audit: Exhibit A-1
Total Liabilities	399,645	2,252,397	7,984,393	Audit: Exhibit A-1
Net Assets	3,493,897	(1,567,254)	(1,905,122)	Audit: Exhibit A-1
Total Revenue	17,588,790	17,691,359	17,820,830	Audit: Exhibit A-2
Total Expenses	17,568,572	16,763,969	18,158,698	Audit: Exhibit A-2
Change in Net Assets	20,218	927,390	(337,868)	Audit: Exhibit A-2
Depreciation Expense	74,500	260,131	734,804	Financial Statements/Audit Workpapers
Interest Expense	0	0	0	Financial Statements/Audit Workpapers
Principal Payments	0	0	0	Financial Statements/Audit Workpapers
Interest Payments	0	0	0	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	1,034.10	1,047.60	1,062.90	DOE Enrollment Reports
March 30th Budgeted Enrollment	1,066	1,067	1,067	Charter School Budget

RATIOS ANALYSIS...					Changes
Near Term Indicators	2014	2015	2016	3 YR CUM	Source:
1a. Current Ratio	9.16	3.53	4.45		Current Assets/Current Liabilities
1b. Unrestricted Days Cash	70.91	32.37	17.14		Cash/(Total Expenses/365)
1c. Enrollment Variance	97%	98%	100%		Average Daily Enrollment/Budgeted Enrollment
1d.* Default	N/A	N/A	0.00		Audit
Sustainability Indicators					
2a. Total Margin	0%	5%	-2%	1%	Change in Net Assets/Total Revenue
2b. Debt to Asset	0.10	0.39	1.86		Total Liabilities/Total Assets
2c.** Cash Flow	462,349	(1,926,619)	(634,036)	(2,098,306)	Net change in cash flow from prior years
2d. Debt Service Coverage Ratio	N/A	N/A	N/A		(Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)

* Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No
 ** 2016 = 2016 Cash - 2015 Cash; 2015 = 2015 Cash - 2014 Cash; 2014 = 2014 Cash - 2013 Cash

Refer questions to charterfinance@doe.state.nj.us

SINGLE AUDIT SECTION

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

(908) 686-3484

FAX – (908) 686-6055

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Page 1

**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, 2016, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements and have issued our report thereon dated November 25, 2016.

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.

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 in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BARRE & COMPANY
Certified Public Accountants
Public School Accountants



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

Union, New Jersey
November 25, 2016

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

(908) 686-3484

FAX – (908) 686-6055

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Page 1

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE AND
NEW JERSEY CIRCULAR 15-08-OMB**

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

We have audited the Paterson Charter School for Science and Technology's (Charter School) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* and the New Jersey Circular 15-08-OMB *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016. 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.

Management's Responsibility

The Charter School's management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter School's major federal and state programs based on our audit of the types of compliance requirements referred to above. 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 of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State*

Grants and State Aid. Those standards, Uniform Guidance and New Jersey Circular 15-08-OMB require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Charter School's compliance.

Opinion on Each Major Federal and State Program

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, 2016.

Report on Internal Control over Compliance

Management of the Paterson Charter School for Science and Technology is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance and New Jersey Circular 15-08 OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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



BARRE & COMPANY
Certified Public Accountants
Public School Accountants



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

Union, New Jersey
November 25, 2016

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015		Balance at June 30, 2016				MEMO				
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balance	(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
State Aid-Public Cluster:															
Equalization Aid	16-495-034-5120-071	\$ 12,209,010	7/1/15	6/30/16	-	\$ -	\$ -	\$ -	\$ 12,209,010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,209,010
Special Education Categorical Aid	16-495-034-5120-089	473,163	7/1/15	6/30/16	-	-	473,163	(12,209,010)	(473,163)	-	-	-	-	473,163	
Security Aid	16-495-034-5120-084	201,668	7/1/15	6/30/16	-	-	201,668	(201,668)	-	-	-	-	-	201,668	
Total State Aid-Public Cluster							12,883,841	(12,883,841)						12,883,841	
On-Behalf TPAF Pension Contributions Reimbursed TPAF - Social Security	16-495-034-5094-006	1,053,879	7/1/15	6/30/16	-	-	1,053,879	(1,053,879)						1,053,879	
	16-495-034-5094-003	487,988	7/1/15	6/30/16	-	-	487,988	(487,988)						487,988	
Total General Fund							14,425,628	(14,425,628)						27,939,469	
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	16-100-010-3350-023	7,576	7/1/15	6/30/16	-	(884)	6,986	(7,576)	(590)					590	
National School Lunch Program (State Share)	15-100-010-3350-023	7,678	7/1/14	6/30/15	-	(884)	894	(7,678)	(590)					7,576	
Total Enterprise Fund							7,870	(7,576)	(590)					590	
Total State Financial Assistance							14,433,498	(14,433,204)	(590)					590	
State Financial Assistance Not Subject to Major Program Determination:															
General Fund:															
On-Behalf TPAF Pension Contributions	16-495-034-5094-006	1,053,879	7/1/15	6/30/16	-	-	(1,053,879)	(1,053,879)						(1,053,879)	
							(1,053,879)	(1,053,879)						(1,053,879)	
Total State Financial Assistance Subject to Single Audit							13,379,619	(13,379,325)	(590)					590	

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 Awards and Financial Assistance
June 30, 2016

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 is included on the schedule 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 CFR 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or 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 payment 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 Awards and Financial Assistance
June 30, 2016

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	\$ -	\$ 14,425,628	\$ 14,425,628
Special Revenue Fund	919,283		919,283
Food Service Fund	673,547	11,898	685,445
Total Awards & Financial Assistance	<u>\$ 1,592,830</u>	<u>\$ 14,437,526</u>	<u>\$ 16,030,356</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, 2016.

NOTE 6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the charter school for the year ended June 30, 2016. 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, 2016.

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2016

NOTE 7. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits 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 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*; 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>	\$ 666,652
Title II, Part A: <i>Teacher and Principal Training and Recruiting</i>	19,280
Total	\$ 685,932

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued on financial statements		<u>Unmodified</u>
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ Yes	<u> X </u> No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	None Reported <u> X </u>
Noncompliance material to basic financial statements noted?	_____ Yes	<u> X </u> No

Federal Awards

Internal control over major programs:		
1) Material weakness(es) identified?	_____ Yes	<u> X </u> No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	None Reported <u> X </u>
Type of auditors’ report issued on compliance for major programs		<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	_____ Yes	<u> X </u> No
Identification of major federal programs:		

CFDA Number(s)	Name of Federal Program or Cluster
	NO CHILD LEFT BEHIND CLUSTER::
84.010A	Title I Part A
84.367A	Title II Part A
	INDIVIDUALS WITH DISABILITIES CLUSTER:
84.027	IDEA Part B Basic
84.173	IDEA Preschool
	CHILD NUTRITION PROGRAM CLUSTER:
10.553	National School Breakfast Program
10.555	National School Lunch Program

Dollar threshold used to distinguish between Type A and Type B programs:		\$750,000
Auditee qualified as low-risk auditee?	<u> X </u> Yes	_____ No

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section I – Summary of Auditor’s Results (Continued)

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
	STATE AID – PUBLIC CLUSTER
<u>16-495-034-5120-071</u>	<u>Equalization Aid</u>
<u>16-495-034-5120-084</u>	<u>Security Aid</u>
<u>16-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u> </u>	<u> </u>

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section II –Financial Statement Findings

The section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

No Current Year Findings

***Section III –Federal and State Financial Assistance
Findings and Questioned Costs***

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.

No Current Year Findings

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, 2016

STATUS OF PRIOR-YEAR FINDINGS

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, US OMB *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.

No Prior Year Findings