



Community Charter School of Paterson



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

**PREPARED BY
COMMUNITY CHARTER SCHOOL OF PATERSON**

COMMUNITY CHARTER SCHOOL OF PATERSON

Table of Contents

Introductory Section

Letter of Transmittal	1-12
Organizational Chart.....	13
Roster of Officials.....	14
Consultants and Advisors	15

Financial Section

Report of Independent Auditors.....	17-19
-------------------------------------	-------

Required Supplementary Information – Part I

Management’s Discussion and Analysis	21-28
--	-------

Basic Financial Statements

A Charter School-wide Financial Statements:

A-1 Statement of Net Position	31
A-2 Statement of Activities	32

B Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet.....	35
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	36
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	37

Proprietary Funds:

B-4 Statement of Net Position	31
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position.....	32
B-6 Statement of Cash Flows	32

COMMUNITY CHARTER SCHOOL OF PATERSON

Table of Contents

Fiduciary Funds:

B-7 Statement of Fiduciary Net Position	43
B-8 Statement of Changes in Fiduciary Net Position	44
Notes to the Basic Financial Statements	46-78

Required Supplementary Information – Part II

C. Budgetary Comparison Schedules:

C-1 Budgetary Comparison Schedule – General Fund	80
C-2 Budgetary Comparison Schedule – Special Revenue Fund	81

Notes to the Required Supplementary Information

C-3 Budget-to-GAAP Reconciliation	83
---	----

Required Supplementary Information – Part III

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68):

L-1 Schedule of the Charter School Proportionate Share of the Net Pension Liability - PERS	84
L-2 Schedule of Charter School Contributions - PERS	85
L-3 Schedule of the Charter School Proportionate Share of the Net Pension Liability - TPAF	86
L-4 Note to Required Supplementary Information – Pension Schedules	87

Other Supplementary Information

D. Schedule of Charter School Contributions - PERS	Not Applicable
--	----------------

E. Special Revenue Fund:

E-1 Combining Schedule of Program Revenues and Expenditures Budgetary Basis	91
---	----

F. Capital Projects Fund	Not Applicable
--------------------------------	----------------

COMMUNITY CHARTER SCHOOL OF PATERSON

Table of Contents

G. Proprietary Funds:

Enterprise Fund:

G-1 Combining Statement of Net Position	94
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	95
G-3 Combining Statement of Cash Flows	96

H. Fiduciary Fund:

H-1 Combining Statement of Fiduciary Net Position.....	98
H-2 Combining Statement of Revenues, Expenses and Combining Statement of Changes in Fiduciary Net Position	99
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	100
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements.....	101

I. Long - Term Debt:

I-1 Schedule of Mortgage Obligations.....	Not Applicable
I-2 Schedule of Obligations Under Capital Leases	Not Applicable
I-3 Debt Service Fund Budgetary Comparison Schedule	Not Applicable

Introduction to the Statistical Section (Unaudited)

Financial Trends

J-1 Net Position by Component	105
J-2 Changes in Net Position	106
J-3 Fund Balances – Governmental Funds	107
J-4 Changes in Fund Balances – Governmental Funds	108
J-5 General Fund Other Local Revenue by Source	109

Revenue Capacity

J-6 to J-9.....	Not Applicable
-----------------	-----------------------

Debt Capacity

J-10 Ratios of Outstanding Debts by Type	110
J-11 to J-13.....	Not Applicable

Demographic and Economic Information

J-14 Demographics and Economic Statistics	111
J-15 Principal Employers.....	112

COMMUNITY CHARTER SCHOOL OF PATERSON

Table of Contents

Operating Information

J-16 Full-time Equivalent Charter School Employees by Function/Program	113
J-17 Operating Statistics	114
J-18 School Building Information	115
J-19 Schedule of Required Maintenance Expenditures by School Facility	116
J-20 Insurance Schedule	117

Charter School Performance Framework Financial Indicators

J-21 Near Term Indicators	118
J-22 Sustainability Indicators.....	119

Single Audit Section

K-1 Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	121-122
K-2 Independent Auditor's Report on Compliance for Each Major Federal and State Program; Required by the Uniform Guidance and State of New Jersey OMB's Circular Letter 15-08.....	123-125
K-3 Schedule of Expenditures of Federal Awards, Schedule A.....	126
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B.....	127
K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance.....	128-129
K-6 Schedule of Findings and Questioned Costs	130-132
K-7 Summary Schedule of Prior Audit Findings.....	133
K-8 Schedule of Expenditures of Local Financial Assistance, Schedule C	134



Community Charter School of Paterson

October 27, 2017

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

Dear Commissioner Harrington:

We hereby submit the Comprehensive Annual Financial Report of the Community Charter School of Paterson (the “Charter School” or “CCSP”) for the fiscal year ended June 30, 2017.

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

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

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

The Charter School is required to undergo an annual single audit in conformity with the provisions of the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the New Jersey OMB's Circular 15-08, "*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*." Information related to this single audit, including the auditor's report on internal control and compliance with applicable *laws and regulations* and findings and recommendations are included in the single audit section of this report.

1) Reporting Entity and Its Services

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

The overarching mission of the Charter School is to inspire and empower its students, families and staff with opportunities to successfully shape and transform their lives by becoming successful, lifelong learners who possess the critical-thinking, academic, advocacy, and leadership skills required to continuously open new doors in their lives and the lives of others.

CCSP was founded by New Jersey Community Development Corporation (NJCDC), a non-profit community development and social service agency based in Paterson, along with a group of committed parents and community members. CCSP's charter school application was approved in 2007 and the School opened in September of 2008. The Charter School's original maximum enrollment was 500 students, with 100 students each in grades K-4. Starting from the school year 2012-2013, CCSP was approved to expand enrollment by 400 students to a total of 900 students through eighth grade. During the 2015-2016 school year, the Charter School reached the maximum capacity of 900 students. The Charter School operates in three locations; elementary grades K-4 (500 students) are based in a 34,000 square-foot former industrial building at 75 Spruce Street in Paterson's Great Falls Historic District. The Charter School's 100 fifth grade students are housed on the second floor of a neighboring building at 32 Spruce Street constituting 12,000 square feet. The third site (137 Ellison Street in Paterson) houses grades 6-8 (300 students).

The location of the Charter School within Paterson's Great Falls Historic District is of special note. Foremost, the area surrounding the Great Falls, located just one block from the School, was recently declared our nation's newest national Park, which will, over time, bring substantial new resources to the area that will benefit our academic program. Additionally, Governor Chris Christie recently designated the School's founding entity, New Jersey Community Development Corporation to create a "cradle to career" comprehensive pipeline of services within the neighborhood to benefit local children and families – modeled after the pioneering work of the Harlem Children's Zone. The Charter School will play a substantial role in this effort.

1) **Reporting Entity and Its Services** - *continued*

The Charter School has completed its ninth year of service to the children and families of Paterson. By the end of 2016-2017 school year, CCSP had a student enrollment of 897.

2) **Charter Renewal and Enrollment Outlook**

During the year ended June 30, 2017, the Charter School successfully went through the New Jersey Department of Education charter renewal process. This culminated in the Commissioner of Education granting CCSP a new charter for another five years through the 2022 school year. The renewal granted CCSP a total of 900 students Kindergarten through eighth grade.

In addition to the enrolled students, the number of students on CCSP's waiting lists (as of June 30th) for the 2017-2018 school-year was 787.

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

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

3) Economic Condition and Outlook

The Charter School is located in the City of Paterson in the County of Passaic, within the State of New Jersey. Paterson's population stands at 146,199 (2010 census) and is 32% African American; 58% Hispanic/Latino and 10% other races. Paterson is known as the "Silk City" for its dominant role in silk production during the latter half of the 19th century. The city is served by the New Jersey Transit Main Line commuter rail service, with the station located in Downtown Paterson. Bus service to locations in Passaic, Bergen, Essex and Hudson counties is provided by New Jersey Transit, making the city a regional transit hub.

The Paterson Public Schools serve students in kindergarten through twelfth grade. Paterson at present has five operating charter schools, one of which is CCSP. The district is one of 31 Abbott districts statewide, which are now referred to as "SDA Districts" based on the requirement for the state to provide additional funding for Early Childhood Education for all 3 to 5 year olds in those districts. The school system has over 30,000 students who speak over 50 different languages. The school system currently has 52 schools with over 6,000 employees.

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

In 2016-2017 the City of Paterson continued to experience financial hardships common to urban municipalities in New Jersey including high unemployment, violence and high rates of poverty. However, the new national park holds great promise to serve as a catalyst for significant economic development and tourism, enabling Paterson to dramatically improve both its financial condition and the opportunities it is able to offer its residents and visitors alike.

4) Major Initiatives

The Community Charter School of Paterson has achieved great successes for its' students and their families, its 2017 standardized test scores (PARCC) in both math and English/Language Arts rose for the 2nd straight year and have risen by 9.8 percentage points in math and 11.4 percentage points in ELA since 2015. Yet it is clear that the school needs to do more to ensure higher levels of student success. CCSP has remained true to its original mission while making dramatic changes to the core instructional program to ensure rigor, high student engagement and individualized learning. Over the last five years CCSP has also experienced significant growth and adapted its facilities and programs to meet that challenge. CCSP has developed, implemented, and aligned systems, programs, and strategies that are demonstrating real promise in improving student achievement. The school has adopted nationally-renowned, evidence-based programs and supported them with robust professional development to ensure their implementation with fidelity. CCSP has expanded and improved offerings to its struggling students. The school has implemented scheduling innovations like FLEX (a whole period everyday dedicated to providing targeted instruction to student individual needs) and supplemented its core programs with high-quality afterschool and Summer programs that are aligned with the school goals. The school's faculty is supported by an outstanding array of professional development opportunities, coaching, resources, technology and other support. CCSP's data systems provide real-time, nationally-normed, valid data which is fully integrated into the instructional model. With these elements in place, CCSP has the building blocks to becoming a great institution.

CCSP's 2017 PARCC scores increased over the previous year in both English Language Arts and Math. It is also important to note that CCSP's scores outpace its 'host district' (Paterson Public Schools) in both ELA and Math. Students achieving the State standard for performing at grade level (levels 4 and 5 according to the PARCC scale) rose in ELA from 32.6% in 2015 to 44% in 2017. Cohort to cohort comparisons show gains as high as 28% (an average of 9%). Similar gains were evident in Mathematics where the percentage of students in Levels 4 and 5 increased from 19% to 28%. These data illustrate the potential for growth since CCSP was able to move students while implementing an entirely new Math program and phase 1 of a new ELA program during the 2017 school year.

It should also be noted that CCSP's student performance gains were reflected a status change from Tier III (low-performing) to within 1.4 percentage points of being Tier I (high performing).

The SGP's of CCSP students receiving Special Education or Title I interventions was very strong, representing even stronger progress than the regular education population.

Over the next five years CCSP is committed to building on its foundational success and focus its efforts on dramatic academic growth. The Board recently approved a five-year strategic plan that is focused on guiding the school to achieve high levels of student success. CCSP will strengthen and build on the key elements (described below) that will propel students forward.

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

Data-Driven Instruction – CCSP has systems in place to provide real-time, nationally-normed data to teachers and school administrators. CCSP has the people and systems in place to analyze and use that data to inform day-to-day classroom instruction. These systems and personnel also support the selection, revision and creation of a more effective, standards-aligned curriculum. With the schedule in place to allow for the FLEX period, block scheduling and increased departmentalization, CCSP is poised to improve student outcomes.

Continuous Professional Development & Teacher Support – CCSP has a robust system of professional development that provides teachers with valuable tools to improve their instructional practices. CCSP PD revolves around rigor, engagement and individualized instruction. CCSP realized its strongest gains in grades that were recently departmentalized, so an increased focus departmentalization is being implemented so that faculty can focus their professional development on specific content areas which will help students in their quest for content mastery. CCSP is providing training in several evidence-based literacy programs, in an effort to build a team of literacy specialists that will help drive growth in ELA. CCSP expanded its coaching staff, and supplements the coaching staff's efforts with William Paterson University's 'Professors in Residence'. This helps ensure that teachers continue to have the coaching, modeling and access to resources that they need to continue to improve.

Instructional Rigor & Intensive Student Support – CCSP has added several high-quality evidence-based rigorous programs to its curriculum in Math, ELA and intervention programs. CCSP has also adopted high-quality standards-aligned programs in Social Studies and Science. Combined with PD efforts, strong professional development and increased teacher specialization, these programs promise to yield strong results.

Full-Service Community School – CCSP's commitment to parent engagement will continue to drive parents to be more involved in their student's education. CCSP recently added a 'family liaison' to expand participation in the Home School Council. These efforts are supplemented by the growing support of the Community Advisory Board, which is designed to help leverage more resources, information and relationships that will benefit and enrich CCSP's academic program. CCSP has also begun formally integrating core instructional and data analysis practices in the afterschool and Summer programs.

Signs of Academic Success – There are several signs that the changes and initiatives that CCSP has implemented are having an impact on student performance. These are as follows:

4) Major Initiatives - *continued*

- CCSP made the strongest progress in PARCC scores in those areas where the school departmentalized for the first time (grades 4 and 5) during the 2015-16 school year. The school administration is confident that these gains resulted from the increased content knowledge that comes with specializing in STEM or Humanities. Departmentalization allows teachers to have more time to go deep into their lessons and strengthen their own content knowledge. This additional time and focus translates into stronger lesson plans, more engaging activities and more rigorous instruction. To test this theory the school's administration departmentalized (in a form modified so that it is appropriate for younger students) down into grades one, two and three for the 2016-17 school year.
- STAR has been a powerful tool for CCSP because it has brought nationally-normed real-time data to its faculty. CCSP supplements the quarterly STAR assessments with 'Ed Connect' which provides CCSP with NJ Standards-aligned questions that are appropriate for more frequent unit assessments. CCSP has a 1:1 student to laptop ratio in grades 5-8, and 5 laptops/ class for lower grades, as well as school-wide wireless high speed internet access, assessment to support this rigorous assessment system.
- CCSP switched to the Singapore Math program, 'Math in Focus', which is more rigorous and better aligned with the State standards than its' previous math program. CCSP also adopted Columbia University Teacher's College Readers and Writers Workshop program for all grades.

The school's administration acknowledges that much more needs to be done to improve student achievement. However, it is clear that the foundation and building blocks are in place to position CCSP for academic success.

5) Internal Accounting Controls

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

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

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

6) Budgetary Controls

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as re-appropriations of fund balance in the subsequent year. No reservation of fund balance was made at June 30, 2017.

During the 2016-2017 fiscal school, the Charter School continued its efforts to improve its audit status and operational processes and procedures, correcting deficiencies identified in previous audits and reviews and on maintaining general compliance with sound fiscal practices.

7) **Accounting System and Report**

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

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

8) **Financial Statement Information at Fiscal Year-End**

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund, and Special revenue funds for the fiscal year ended June 30, 2017 fiscal year:

**Summary of the General Fund
and Special Revenue Fund Revenues**

<u>Revenue</u>	<u>2017</u>	<u>2016</u>	<u>Increase/ (decrease)</u>	<u>% Change</u>
Local sources	\$ 1,079,633	\$ 1,274,536	\$ (194,903)	-15.29%
State sources	12,156,914	11,908,511	248,403	2.09%
Federal sources	1,670,101	1,555,427	114,674	7.37%
	<u>\$ 14,906,648</u>	<u>\$ 14,738,474</u>	<u>\$ 168,174</u>	<u>1.14%</u>

The Charter School experienced a general increase in revenue of about 1.14%. The slight increase was because the Charter School expansion to 900 students was completed in the prior year 2016. Therefore, state aid remains stable year to year going forward.

8) **Financial Statement Information at Fiscal Year-End** - *continued*

The following schedule presents a summary of general fund and special revenue expenditures for the fiscal year ended June 30, 2017:

**Summary of the General Fund
and Special Revenue Fund Expenditures**

Expenditures	2017	2016	Increase/ (decrease)	% Change
Instruction	\$ 6,028,561	\$ 6,183,596	\$ (155,035)	-2.51%
Administrative	4,001,884	4,123,942	(122,058)	-2.96%
Support	4,306,357	4,342,139	(35,782)	-0.82%
Capital outlay	44,660	365,504	(320,844)	-87.78%
	<u>\$ 14,381,462</u>	<u>\$ 15,015,181</u>	<u>\$ (633,719)</u>	<u>-4.22%</u>

The Charter School experienced a general decrease in expenditures of about 4.22% attributable to an 87.78% decrease in capital expenditures (leasehold renovations).

9) **Cash Management**

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

10) **Risk Management**

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

11) Other Information

Independent Audit

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

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

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

The school year 2016-2017 was marked by increased levels of parental and community involvement as the Charter School moved further towards its objective of becoming a true Community School. Lastly, the Charter School continues to enjoy a strong financial position through careful stewardship of its resources. The next school year promises to be one that builds upon these successes with additional progress in all areas of the School’s operations, and particularly in the area of student achievement.

12) Anti-Bullying

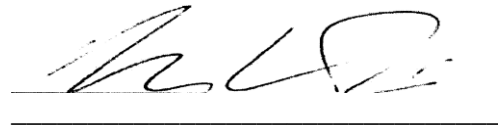
On January 5, 2001, Governor Chris Christie signed into law P.L. 2010, Chapter 122 known as the Anti-Bullying Bill of Rights. The Anti-Bullying Bill of Rights Act (“Act”) requires initial and on-going training for all staff members, Anti-Bullying Specialists, Anti-Bullying Coordinators, administrative staff and Board Members. N.J.S.A. 18A:37-22(d) requires every teacher to complete at least two hours of instruction on harassment, intimidation, and bullying prevention in each professional development period. During 2016-2017, on-going training was provided for harassment, intimidation and bullying prevention to comply with the training requirements of the Act.

13) Acknowledgments

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Mark Valli', is written over a horizontal line.

Mark Valli
Chief Executive Officer/Chief Advocate

COMMUNITY CHARTER SCHOOL OF PATERSON
ROSTER OF TRUSTEES AND OFFICERS

June 30, 2017

Members of Board of Trustees

Michael Powell, Board President

Michael De Blasio, Vice President

Tamour Kousha, Board Member

Sophia Sample, Board Member

Boris Zaydell, Board Member

Tamara Lugo, Board Member

Tiffany McBride, Board Member

Administration

Curtis Palmore, Chief Executive Officer/Chief Advocate – From September 30, 2017

Mark Valli, Chief Executive Officer/Chief Advocate – Thru August 31, 2017

Katherine Martinez, Chief Academic Officer

Olugbenga Olabintan, CPA – School Business Administrator

Richard Kilpatrick – Chief Operating Officer/Assistant School Business Administrator
Thru June 30, 2017

Clarinda Joseph-Cumberbatch – Interim Chief Operating Officer - From July 1, 2017

Flavio Rivera, Treasurer of School Monies

COMMUNITY CHARTER SCHOOL OF PATERSON

Consultants and Advisors

Independent Auditors

Gerald D. Longo
Certified Public Accountant/Consultant
62 Old Queens Boulevard
Manalapan, NJ 07726-3648

Attorney

Johnston Law Firm LLC
75 Midland Avenue Suite 1
Montclair, NJ 07042

Official Depository

TD Bank
100 Hamilton Plaza
Paterson, NJ 07501

Architect

Design Ideas Group
15 Bethany Street
New Brunswick, NJ 08901

Financial Section

GERALD D. LONGO

CERTIFIED PUBLIC ACCOUNTANT

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

Phone: (732) 446-4768 • Fax: (732) 792-3648 • e-mail: glongcpa@gmail.com

Independent Auditor's Report

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Board of Trustees of the Community Charter School of Paterson, (the "Charter School") in the County of Passaic, State of New Jersey as of and for the fiscal year ended June 30, 2017, 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

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.

Auditors' Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter School as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity 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 and Budgetary Comparison Information* as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying supplementary information, which consists of the introductory section, combining and individual fund financial statements and statistical tables are presented for purposes of additional analysis and are not required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the provisions of New Jersey Department of the Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are not a required part of the basic financial statements.

The combining and individual fund financial statement information, and the schedules of expenditures of federal awards and state financial assistance required by the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the provisions of New Jersey Department of the Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used 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 information is fairly presented, in all material respects, in relation to the basis financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 27, 2017 on my consideration of the Charter School's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.

Gerald D. Longo, CPA

October 27, 2017
Manalapan, New Jersey

GERALD D. LONGO, CPA



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

Required Supplementary Information

Part I

Management's Discussion and Analysis

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

COMMUNITY CHARTER SCHOOL OF PATERSON
Management's Discussion and Analysis
Year Ended June 30, 2017
(Unaudited)

Introduction

This section of the Community Charter School of Paterson's annual financial report presents our discussion and analysis of the Charter School's financial performance and provides an overview of the Charter School's financial activities for the fiscal year ended June 30, 2017. It should be read in conjunction with the transmittal letter at the front of this report and the Charter School's financial statements, which follow this section.

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

Financial Highlights

Key financial highlights for fiscal year 2017 are as follows:

- Net position of governmental activities ended the fiscal year with \$3,385,078. Net position of business-type activities, which represent food service operations/after care and summer instructional programs, ended the fiscal year with \$303,117.
- General revenues accounted for \$13,219,732 in revenue or 84 percent of total revenues of \$15,687,395. Program specific revenues, in the form of charges for services, grants, and contributions accounted for \$2,467,663 or 16 percent of total revenues.
- The Charter School had \$14,695,146 in expenses related to governmental activities; \$1,686,916 of these expenses is offset by operating grants and contributions. General revenues (primarily state aid) of \$13,219,732 helped to provide for the balance of these programs.
- The General Fund reported fund surplus at June 30, 2017, of \$3,662,181.

COMMUNITY CHARTER SCHOOL OF PATERSON
Management's Discussion and Analysis
Year Ended June 30, 2017
(Unaudited)

Using the Basic Financial Statements

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

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

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

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

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

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

Reporting the Charter School as a Whole

Statement of Net Position and Statements of Activities

While this report contains the fund used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and asks the question, "how did we do financially during fiscal year 2017?" The statements of Net Position and the Statement of Activities answer this question. These Statements include all the Charter School's assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

COMMUNITY CHARTER SCHOOL OF PATERSON
Management's Discussion and Analysis
Year Ended June 30, 2017
(Unaudited)

Statement of Net Position and Statement of Activities-continued

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

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

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

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

COMMUNITY CHARTER SCHOOL OF PATERSON
Management's Discussion and Analysis
Year Ended June 30, 2017
(Unaudited)

Enterprise Fund

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

The Charter School as a Whole

The perspective of the Statement of Net Position is of the Charter School as a whole. Net position may serve over time as useful indicator of a government's financial position. In the case of the Charter School, assets exceeded liabilities by \$3,385,078 at the close of 2017. The following table provides a summary of net position relating to the Charter School's governmental and business type activities:

	Governmental Activities		Business Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current assets	\$ 4,626,260	\$ 5,077,443	\$ 404,672	\$ 217,635	\$ 5,030,932	\$ 5,295,078
Capital assets, net	1,955,215	1,977,232	-	-	1,955,215	1,977,232
Deferred outflows of resources	1,295,229	1,248,102	-	-	1,295,229	1,248,102
Total Assets	7,876,704	8,302,777	404,672	217,635	8,281,376	8,520,412
Liabilities						
Current liabilities	964,079	1,940,448	101,555	55,268	1,065,634	1,995,716
Long term liabilities	2,777,568	3,138,295	-	-	2,777,568	3,138,295
Deferred inflows of resources	749,979	50,458	-	-	749,979	50,458
Total Liabilities	4,491,626	5,129,201	101,555	55,268	4,593,181	5,184,469
Net position						
Invested in						
Capital assets			-	-		
(net of related debt)	1,955,215	1,977,232	-	-	1,955,215	1,977,232
Unrestricted	1,429,863	1,196,344	303,117	162,367	1,732,980	1,358,711
Total net position	\$ 3,385,078	\$ 3,173,576	\$ 303,117	\$ 162,367	\$ 3,688,195	\$ 3,335,943

COMMUNITY CHARTER SCHOOL OF PATERSON
Management's Discussion and Analysis
Year Ended June 30, 2017
(Unaudited)

The largest portion of the Charter School's net position is its current assets. The Charter School uses these current assets to provide services.

The total net position of the Charter School increased by \$352,252 during the current fiscal year ended June 30, 2017. The majority of the increase is attributable to increase of \$211,502 in the Governmental Activities net position.

The table that follows reflects the change in net position for fiscal year 2017.

	Governmental Activities		Business Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charge for services			\$96	\$15	\$96	\$15
Operating grants and contributions	\$1,686,916	\$1,593,462	780,651	757,899	2,467,567	2,351,361
Total program revenues	1,686,916	1,593,462	780,747	757,914	2,467,663	2,351,376
General revenues:						
Local aid	1,015,199	1,110,312			1,015,199	1,110,312
Federal and state aid	12,156,914	11,908,511			12,156,914	11,908,511
Miscellaneous	47,619	126,189			47,619	126,189
Transfers	-	-	-	-	-	-
Total general revenues	13,219,732	13,145,012	-	-	13,219,732	13,145,012
Total revenues	14,906,648	14,738,474	780,747	757,914	15,687,395	15,496,388
Expenses:						
Instructions	6,028,561	6,183,596			6,028,561	6,183,596
Administrative & support services	8,599,908	8,671,914			8,599,908	8,671,914
Unallocated depreciation	66,677	321,823			66,677	321,823
Food service	-	-	639,997	653,002	639,997	653,002
Total expenses	14,695,146	15,177,333	639,997	653,002	15,335,143	15,830,335
Change in net position	\$ 211,502	\$ (438,859)	\$ 140,750	\$ 104,912	\$ 352,252	\$ (333,947)

Governmental Activities

The Statement of Activities reflects the cost of program services and the charges for services and operating grants and contributions offsetting those services. The table below, for government activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by unrestricted state entitlements for the fiscal year ended June 30, 2017.

COMMUNITY CHARTER SCHOOL OF PATERSON
Management's Discussion and Analysis
Year Ended June 30, 2017
(Unaudited)

Governmental Activities - *continued*

	Total Cost of Services	Net Cost of Services
Instruction	\$ 6,028,561	\$ 4,835,116
Administrative & support services	8,599,908	8,106,437
Capital outlay	-	-
Unallocated depreciation	66,677	66,677
Total expenses	\$ 14,695,146	\$ 13,008,230

Business-Type Activity

The business-type activity of the Charter School consists of the food service operation. This program had revenues of \$780,747, operating expenses of \$639,997 and a net surplus of \$140,750 for fiscal year 2017. The Charter School intended to have food services be self-operating without assistance from the General Fund.

The Charter School's Funds

The Charter School's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues of \$13,219,732 and expenditures of \$12,694,546, with a positive change in fund balance of \$525,186.

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

During the course of fiscal 2017, the Charter School amended its General Fund budget as needed. The Charter School uses state-aid and other revenue-based budget. The budgeting systems are designed to tightly control total budget, but provide flexibility for Charter School's management team.

For the General Fund, final budgeted revenues were \$12,251,792, which included a local tax levy of \$1,015,199. Expenditures and other financing uses were budgeted at \$12,912,048. The Charter School anticipated budgeted fund balance of \$2,753,446 in its 2016-2017 budget year. General Fund revenues were higher than expenditures by \$525,186. Actual revenues and other financing sources were \$13,219,732 and expenditures were \$12,694,546, respectively.

COMMUNITY CHARTER SCHOOL OF PATERSON
Management's Discussion and Analysis
Year Ended June 30, 2017
(Unaudited)

The State of New Jersey reimbursed the Charter School \$418,728 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members. The State also paid \$450,527 into the TPAF pension representing on-behalf employer's portion of the Pension System Contributions, Post-Retirement Medical Benefits Contributions and Long Term Disability Insurance Premium Contributions. These unbudgeted amounts were included in both revenues and expenditures.

Capital Assets

At the end of fiscal year 2017, the Charter School had funds invested in capital assets in its governmental activities. The table below reflects fiscal year 2017 balances:

	Governmental Activities	Business Type Activities	Total
Capital assets, being depreciated:			
Leasehold improvements	\$ 2,649,789	\$ -	\$ 2,649,789
Equipment	624,877	-	624,877
Furniture and fixtures	13,280	-	13,280
Vehicle	20,285	-	20,285
Total capital assets being depreciated	<u>3,308,231</u>	<u>-</u>	<u>3,308,231</u>
Less accumulated depreciation for:			
Leasehold improvements	856,445	-	856,445
Equipment	464,334	-	464,334
Furniture and fixtures	11,952	-	11,952
Vehicle	20,285	-	20,285
Total accumulated depreciation	<u>1,353,016</u>	<u>-</u>	<u>1,353,016</u>
Total capital assets net	<u>\$ 1,955,215</u>	<u>\$ -</u>	<u>\$ 1,955,215</u>

The Charter School's 2017-2018 budget projects spending approximately \$400,000 for capital projects.

Long-term Liabilities

The Charter School had \$2,777,568 and \$3,138,295 at June 30, 2017 and 2016, respectively, in net pension liability regarding the Public Employees Retirement System. More detailed information about the Charter School's long term obligations is presented in the notes to the financial statements.

COMMUNITY CHARTER SCHOOL OF PATERSON
Management's Discussion and Analysis
Year Ended June 30, 2017
(Unaudited)

Economic Factors and Next Year's Budget

The State of New Jersey and indeed the entire United States continue to face serious budgetary constraints and a result of the sharp downturn in the economy. These impact the amount of state and federal aids allocated to charter schools. This reality was taken into account when adopting the general fund budget for 2017-2018. Nothing was done to compromise the quality of the programs in place in our Charter School during the regular instructional day. The budget was prepared to ensure that all students have the textbooks, materials, supplies, equipment and programs they need to meet New Jersey's Core Curriculum Content Standards. The budget was adopted with a redirection of funds to maintain the quality of the regular school day.

Contacting the Charter School's Financial Management

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

COMMUNITY CHARTER SCHOOL OF PATERSON
Business Office
75 Spruce Street
Paterson, New Jersey 07501

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the Charter School's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the Year Ended June 30, 2017.

Statement of Net Position

June 30, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 3,163,755	\$ 221,603	\$3,385,358
Restricted cash - escrow	75,645		75,645
Accounts receivable	1,273,428	64,877	1,338,305
Other current assets	113,432	-	113,432
Interfund receivables	-	118,192	118,192
Capital assets (net of accumulated depreciation of \$1,353,016)	1,955,215	-	1,955,215
Total assets	<u>6,581,475</u>	<u>404,672</u>	<u>6,986,147</u>
Deferred outflows of resources			
Pension deferred outflows	<u>1,295,229</u>	<u>-</u>	<u>1,295,229</u>
Total assets and deferred outflows of resources	<u>\$ 7,876,704</u>	<u>\$ 404,672</u>	<u>\$8,281,376</u>
Liabilities			
Accounts payable	\$ 735,957	\$ 101,555	\$ 837,512
Intergovernmental payables - state and federal	98,155	-	98,155
Deferred revenue	11,775	-	11,775
Interfunds payables	118,192	-	118,192
Net pension liability	2,777,568	-	2,777,568
Total liabilities	<u>3,741,647</u>	<u>101,555</u>	<u>3,843,202</u>
Deferred inflows of resources			
Pension deferred inflows	<u>749,979</u>	<u>-</u>	<u>749,979</u>
Total liabilities and deferred inflows of resources	<u>4,491,626</u>	<u>101,555</u>	<u>4,593,181</u>
Net position			
Invested in capital assets	1,955,215	-	1,955,215
Unrestricted, undesignated	1,429,863	303,117	1,732,980
Total net position (Note 18)	<u>3,385,078</u>	<u>303,117</u>	<u>3,688,195</u>
Total liabilities, deferred inflows & net position	<u>\$ 7,876,704</u>	<u>\$ 404,672</u>	<u>\$8,281,376</u>

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

COMMUNITY CHARTER SCHOOL OF PATERSON

A-2

Statement of Activities

Year ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction:						
Regular	\$ 6,028,561	\$ -	\$ 1,193,445	\$ (4,835,116)	\$ -	\$ (4,835,116)
Administrative & support services:						
General administration	4,293,551	-	-	(4,293,551)	-	(4,293,551)
Support services	4,306,357	-	493,471	(3,812,886)	-	(3,812,886)
Capital outlay	-	-	-	-	-	-
Unallocated depreciation	66,677	-	-	(66,677)	-	(66,677)
Total governmental activities	<u>14,695,146</u>	<u>-</u>	<u>1,686,916</u>	<u>(13,008,230)</u>	<u>-</u>	<u>(13,008,230)</u>
Business-type activities:						
Food service	639,997	96	780,651	-	140,750	140,750
After care/summer programs	-	-	-	-	-	-
Total business-type activities	<u>639,997</u>	<u>96</u>	<u>780,651</u>	<u>-</u>	<u>140,750</u>	<u>140,750</u>
Total primary government	<u>\$ 15,335,143</u>	<u>\$ 96</u>	<u>\$ 2,467,567</u>	<u>(13,008,230)</u>	<u>140,750</u>	<u>(12,867,480)</u>
General revenues, transfers and special items:						
Local sources				1,015,199	-	1,015,199
State sources				12,156,914	-	12,156,914
Federal sources				-	-	-
Miscellaneous				47,619	-	47,619
Total general revenues, transfers and special items				<u>13,219,732</u>	<u>-</u>	<u>13,219,732</u>
Change in net position				211,502	140,750	352,252
Net position - beginning				3,173,576	162,367	3,335,943
Net position - ending				<u>\$ 3,385,078</u>	<u>\$ 303,117</u>	<u>\$ 3,688,195</u>

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

Funds Financial Statements

Governmental Funds

**COMMUNITY CHARTER SCHOOL OF PATERSON
Governmental Funds**

B-1

Balance Sheet

June 30, 2017

	General Fund	Special Revenue Fund	Totals Governmental Funds
Assets			
Cash and cash equivalents	\$ 3,147,082	\$ 16,673	\$ 3,163,755
Restricted cash in escrow	75,645		75,645
Accounts receivable:	-	-	-
State	145,605	-	145,605
Federal	-	539,985	539,985
Other	587,838	-	587,838
Other current assets	113,432	-	113,432
Interfund receivable	312,531	-	312,531
Total assets	\$ 4,382,133	\$ 556,658	\$ 4,938,791
Liabilities and Fund Balances			
Interfund payables	\$ -	\$ 430,723	\$ 430,723
Accounts payables	672,350	63,607	735,957
Intergovernmental payables - federal	-	50,553	50,553
Intergovernmental payables - state	47,602	-	47,602
Intergovernmental payables - other	-	-	-
Deferred revenue	-	11,775	11,775
Total liabilities	719,952	556,658	1,276,610
Fund balances:			
Unreserved:			-
Undesignated	3,662,181	-	3,662,181
Total fund balances	3,662,181	-	3,662,181
Total liabilities and fund balances	\$ 4,382,133	\$ 556,658	
<p>Amounts reported for governmental activities in the statement of net position (A-1) are different because:</p>			
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:</p>			
Cost of capital assets	\$ 3,308,231		
Accumulated depreciation	(1,353,016)		
Cost of capital assets, net of accumulated depreciation	\$ 1,955,215		1,955,215
<p>Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 7)</p>			
			1,295,229
<p>Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)</p>			
			(749,979)
<p>Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)</p>			
			(2,777,568)
<p>Net position of governmental activities - A-1</p>			\$ 3,385,078

**COMMUNITY CHARTER SCHOOL OF PATERSON
Governmental Funds**

B-2

**Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2017**

	General Fund	Special Revenue Fund	Total
Revenues:			
Local sources:			
Local tax levy	\$ 1,015,199	\$ -	\$ 1,015,199
Miscellaneous	47,619	16,815	64,434
Total revenues - local sources	1,062,818	16,815	1,079,633
Federal sources	-	1,670,101	1,670,101
State sources	11,287,659	-	11,287,659
Reimbursed TPAF-Social Security (non-budgeted)	418,728	-	418,728
TPAF pension and post retirement medical and long-term disability premium benefits on-behalf payments (non-budgeted)	-	-	-
	450,527	-	450,527
Total revenues	13,219,732	1,686,916	14,906,648
Current expense:			
Instruction	4,835,116	1,193,445	6,028,561
Administrative	3,132,629	-	3,132,629
Support services	3,812,886	493,471	4,306,357
Capital outlay	44,660	-	44,660
Reimbursed and on-behalf payments:	-	-	-
Reimbursed TPAF-Social Security (non-budgeted)	418,728	-	418,728
TPAF pension and post retirement medical benefits on-behalf payments (non-budgeted)	-	-	-
	450,527	-	450,527
Total expenditures	12,694,546	1,686,916	14,381,462
Excess (deficiency) of revenues over (under) expenditures	525,186	-	525,186
	-	-	-
Fund balances, beginning of year	3,136,995	-	3,136,995
Fund balances, end of year	\$ 3,662,181	\$ -	\$ 3,662,181

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

COMMUNITY CHARTER SCHOOL OF PATERSON
Reconciliation of the Statement of Revenues, Expenditures
And Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year ended June 30, 2017

B-3

Total net change in fund balances - governmental funds (B-2) \$ 525,186

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

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

	Depreciation expense	\$ (66,677)		
	Capital outlays	<u>44,660</u>		(22,017)

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period

(291,667)

Change in net position of governmental activities (A-2) \$ 211,502

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

Proprietary Funds

**COMMUNITY CHARTER SCHOOL OF PATERSON
Proprietary Funds**

B-4

Statement of Net Position

June 30, 2017

Assets	
Current assets:	
Cash and cash equivalents	\$ 221,603
Accounts receivable:	-
Federal	64,209
State	668
Interfund receivable - general fund	118,192
Total current assets	<u>\$ 404,672</u>
Liabilities	
Current liabilities:	
Interfund payable - general fund	\$ -
Accounts payable	101,555
Total current liabilities	<u>\$ 101,555</u>
Net position	
Unrestricted	303,117
Total net position	<u><u>\$ 303,117</u></u>

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

**COMMUNITY CHARTER SCHOOL OF PATERSON
Proprietary Funds**

B-5

Statement of Revenues, Expenditures and Changes in Net Position

Year ended June 30, 2017

Operating revenues:	
Charges for services:	
Daily sales - nonreimbursable programs	\$ 96
Miscellaneous revenue	-
Total operating revenues	<u>96</u>
Operating expenses:	
Cost of sales	637,121
Salaries	-
Employee benefits	-
Professional /technical service	2,757
Supplies and materials	-
Depreciation	-
Miscellaneous	119
Total operating expenses	<u>639,997</u>
Operating income (loss)	<u>(639,901)</u>
Nonoperating revenues:	
State sources:	
State School Lunch Program	8,180
Federal sources:	
National School Lunch Program	455,980
National School Breakfast Program	258,763
After School Snacks	57,728
Fresh Fruits and Vegetable Program	-
Total nonoperating revenues	<u>780,651</u>
Net income/(loss) before contributions & transfers	140,750
Other financing sources:	
Transfer in/(out) - board contribution	-
	<u>-</u>
Change in net position	140,750
Total net position-beginning of year	<u>162,367</u>
Total net position-end of year	<u><u>\$ 303,117</u></u>

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

**COMMUNITY CHARTER SCHOOL OF PATERSON
Proprietary Fund**

B-6

Statement of Cash Flows

Year ended June 30, 2017

Cash flows from operating activities

Operating loss	\$ (639,901)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities:	
Accounts receivable	86,846
Due to/(from) general fund	(84,553)
Accounts payable	46,287
Net cash used in operating activities	<u>(591,321)</u>

Cash flows from noncapital financing activities

Cash received from state reimbursements	8,180
Cash received from federal reimbursements	772,471
Operating subsidies and transfers from other funds	-
Net cash provided by noncapital financing activities	<u>780,651</u>

Cash flows from investing activities

Net decrease in cash and cash equivalents	189,330
Cash and cash equivalents, beginning	32,273
Cash and cash equivalents, ending	<u>\$ 221,603</u>

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

Fiduciary Funds

**COMMUNITY CHARTER SCHOOL OF PATERSON
Fiduciary Funds**

B-7

Statement of Fiduciary Net Position

June 30, 2017

	<u>Student Activity Fund</u>	<u>Unemployment Insurance Fund</u>	<u>Agency Fund Payroll</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 64,394	\$ -	\$ 403,644	\$ 468,038
Total assets	<u>\$ 64,394</u>	<u>\$ -</u>	<u>\$ 403,644</u>	<u>\$ 468,038</u>
Liabilities and fund balances				
Liabilities:				
Payroll deductions and withholdings	\$ -	\$ -	\$ 403,644	\$ 403,644
Interfund payables	-	-	-	-
Account payable - due to students group	64,394	-	-	64,394
Total liabilities	<u>64,394</u>	<u>-</u>	<u>403,644</u>	<u>468,038</u>
Net Position				
Total liabilities and net position	<u>\$ 64,394</u>	<u>\$ -</u>	<u>\$ 403,644</u>	<u>\$ 468,038</u>

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

COMMUNITY CHARTER SCHOOL OF PATERSON
Fiduciary Funds

B-8

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2017

	<u>Unemployment Compensation</u>
Additions:	
Board contributions	\$ 50,000
Employee contributions	43,726
Total additions	<u>93,726</u>
Deductions:	
Unemployment payments	<u>93,726</u>
Total deductions	<u>93,726</u>
Change in net position	-
Net position, beginning	<u>-</u>
Net position, ending	<u><u>\$ -</u></u>

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

Notes to Basic Financial Statements

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

1 Description of the Charter School and Reporting Entity

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

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

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

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

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies

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

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

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

A Basis of Presentation

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

Charter School Government-wide Financial Statements

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

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - continued

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

Fund Financial Statements

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

B Fund Accounting

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

Governmental Funds

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

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - *continued*

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

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

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2017 there was no Capital Projects Fund.

Proprietary Funds

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

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - *continued*

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

Fiduciary Funds

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

Trust Funds - Expendable Trust Funds (unemployment compensation) are accounted for in essentially the same manner as the governmental funds. The unemployment compensation trust fund is used to account for contributions from employees and the employer (the Charter School) and interest earned on the balance as well as payments to the State for reimbursements of unemployment claims.

Agency Funds – Agency funds (*Payroll, Health Benefits and Student Activity Fund*) are used to account for the assets that the Charter School holds on behalf of others as their agent. Agency funds are custodial in nature and do not involved measurement of results of operations.

C Measurement Focus and Basis of Accounting

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

Measurement Focus

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - *continued*

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

Basis of Accounting

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

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

D Budgets/Budgetary Control

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

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - *continued*

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

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

E Cash, Cash Equivalent and Investments

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

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

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

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - continued

F Short-Term Interfund Receivables/Payables

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

G Inventories and Prepaid Expenses

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

H Capital Assets

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

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

Description of Capital Asset	Estimated Lives (Years)
Leasehold improvements	15
Equipment	5-12
Furniture and fixtures	10
Vehicle	5

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - *continued*

I Compensated Absences

The Charter School accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Charter School employees are granted varying amounts of vacation and sick leave in accordance with the Charter School's personnel policy. The Charter School's policy permits employees to accumulate unused sick and personal days and carry forward the full amount to subsequent years. Upon termination or upon retirement, employees are currently not paid for accrued vacation or unused sick and personal days. The Board of the Charter School is currently reviewing the exiting compensated absences policies with the intent of addressing the issues of accumulation and payments upon termination.

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

The Charter School had no compensated absences as of June 30, 2017.

J Accrued Liabilities and Long-Term Obligations

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

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

K Deferred Revenue

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - *continued*

L Fund Balance and Equity

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

1. Nonspendable – includes amounts that cannot be spent because they either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
2. Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed – includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority.
4. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned – includes all spendable amounts not contained in the other classifications.

When both restricted and unrestricted resources are available for use, it is the Charter School’s policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the Charter School first spends committed funds, then assigned funds, and finally, unassigned funds.

M Management Estimates

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - *continued*

N On-Behalf Payments

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

O Net Position

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

P New Accounting Standards

During the prior year 2015, the Charter School adopted the following GASB statements:

GASB 68, *Accounting and Financial Reporting for Pensions* The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

3 Deposits and Investments

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

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

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

The Charter School’s cash and cash equivalents are classified below to inform financial statement users about the extent to which the Charter School’s deposits and investments are exposed to custodial credit risk. As of June 30, 2017, the Charter School’s carrying amount of deposits and investments are as follows:

	General Fund	Special Revenue	Enterprise Funds	Agency Funds	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash balances	\$ 3,147,082	\$ 16,673	\$ 221,603	\$ 468,038	\$ 3,853,396
Escrow	75,645	-	-	-	75,645
	<u>\$ 3,222,727</u>	<u>\$ 16,673</u>	<u>\$ 221,603</u>	<u>\$ 468,038</u>	<u>\$ 3,929,041</u>

Operating cash accounts are held in the Charter School’s name by one banking institution. At June 30, 2017, the Charter School’s carrying amount of deposits was \$3,929,041 and the bank balance was \$4,222,972. Of the bank balance, \$250,000 of the Charter School’s cash deposits on June 30, 2017 were secured by federal deposit insurance and \$3,972,972 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Governmental Unit Deposit Protection Act (“GUDPA”).

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

3 Deposits and Investments - *continued*

Establishment of an Escrow Account

During the prior year ended June 30, 2017, the Charter School established and funded an Escrow Account pursuant to an agreement signed with the New Jersey Department of Education. The required maximum of \$75,000 was fully funded. The agreement stipulates that the intended use of the escrow amount is “to pay for legal and audit expenses and any other outstanding pension benefits that would be associated with a dissolution should it occur.”

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

Category 1

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

Category 2

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

Category 3

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

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

Investments

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

1. Bonds or other obligations of the United States or obligations guaranteed by the United States.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

3 Deposits and Investments - continued

Investments - continued

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

As of June 30, 2017, the Charter School did not hold any investments.

4 Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2017:

Governmental activities	Beginning Balance	Net Additions (Deletions)	Ending Balance
Capital assets, being depreciated:			
Leasehold improvements	\$ 2,605,129	\$ 44,660	\$ 2,649,789
Equipment	624,877	-	624,877
Furniture and fixtures	13,280	-	13,280
Vehicle	20,285	-	20,285
Total capital assets being depreciated	3,263,571	44,660	3,308,231
Less accumulated depreciation for:			
Leasehold improvements	861,491	(5,046)	856,445
Equipment	393,939	70,395	464,334
Furniture and fixtures	10,624	1,328	11,952
Vehicle	20,285	-	20,285
Total accumulated depreciation	1,286,339	66,677	1,353,016
Total capital assets net	\$ 1,977,232	\$ (22,017)	\$ 1,955,215

Depreciation expense of \$66,677 was charged to an unallocated function.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

5 Lease Obligations

Facilities Leases

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

75 Spruce Street, Paterson, New Jersey – a lease covering 28,550 square foot space housing grades kindergarten through four and the administrative offices. The original lease term expired on June 30, 2015 and was renewed for a two-year term through June 30, 2017 with the stipulation that it will automatically renew for a period up to twenty (20) years so long as the term of the Charter School’s Charter is renewed or otherwise extended for the same period of years. The basic annual rent for the two-year term was \$945,075. The amount paid under this lease for the year ended June 30, 2017 was \$944,444.

32 Spruce Street, Paterson, New Jersey – a five-year lease through June 30, 2016 covering 10,000 square foot space housing Kindergarten and the business office. It was renewed on July 1, 2016 for another six (6) years through June 30, 2022 at the same annual rent of \$192,784. The lease provides for the payment of the tenant’s share of the facilities operating expenses in addition to the base rent. The total amount paid under this lease for the year ended June 30, 2017 was \$192,784. Starting from July 1, 2015 the facilities house the fifth graders and the business office.

137 Ellison Street, Paterson, New Jersey – a five-year lease commencing June 1, 2013 through May 31, 2018. The total amount paid under this lease for the year ended June 30, 2017 was \$499,028 (including a monthly maintenance payment of \$11,250 or \$135,000 annually). This facility houses all 300 students in the 6th, 7th. & 8th grades.

Parking Space at 75 Spruce Street, Paterson, New Jersey - the Charter School also leases several parking spaces under an operating lease agreement at a monthly payment of \$5,280. The parking spaces are for the use of its employees who are charged reasonable monthly fees. The amount paid under this lease for the year ended June 30, 2017 was \$63,360.

Parking Space for the use of employees at 32 Spruce Street, Paterson, New Jersey - the Charter School also leases several parking spaces under an operating lease agreement at a monthly payment of approximately \$735. The parking spaces are for the use of its employees who are charged reasonable monthly fees. The amount paid under this lease for the year ended June 30, 2017 was \$8,193.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

5 Lease Obligations - continued

Facilities Leases- continued

Parking Space at 137 Ellison Street, Paterson, New Jersey - the Charter School also leases several parking spaces under an operating lease agreement at a monthly payment of approximately \$5,225. The parking spaces are for the use of its employees who are charged reasonable monthly fees. The amount paid under this lease for the year ended June 30, 2017 was \$49,350.

Equipment Leases

The Charter School leases office equipment (copiers) under several operating lease agreements. For the year ended June 30, 2017, the Charter School incurred \$62,304 in equipment lease expenditures.

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

Year ending June 30:	75 Spruce Street	32 Spruce Street	137 Ellison Street	Equipment Leases	Total
2018	\$ 772,725	\$ 192,784	\$ 348,271	\$ 60,000	\$ 1,373,780
2019	780,453	192,784	-	-	973,237
2020	788,258	192,784	-	-	981,042
2021	796,140	192,784	-	-	988,924
2022	801,102	197,784	-	-	998,886
Thereafter	-	-	-	-	-
	<u>\$ 3,938,678</u>	<u>\$ 968,920</u>	<u>\$ 348,271</u>	<u>\$ 60,000</u>	<u>\$ 5,315,869</u>

6 Pension Plans

Description of Plans

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

6 Pension Plans - *continued*

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirements health care to substantially all full time certified teachers or professional staff of the public school systems in the State.

The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Charter School and the systems other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS)

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

Defined Contribution Retirement Program (DCRP)

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

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A 43:15a and 4303B and N.J.S.A. 18A: for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirements benefits for age and service are available at age 55 and are generally determine to be 1/55 of the final average salary for each year of service credit as defined.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

6 Pension Plans - *continued*

Vesting and Benefit Provisions - *continued*

Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

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

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

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PERS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

6 Pension Plans - *continued*

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Contribution Requirements

The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2001, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits, and post-retirement medical premiums. Under current statute the charter school is a non-contributing employer of TPAF (i.e., the State of New Jersey makes the employer contribution on behalf of public school districts and charter schools).

Annual Pension Costs (APC)

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

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

The Charter School's contribution to PERS for the year ended June 30, 2017 was \$139,613.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

6 Pension Plans - *continued*

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$418,728 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. Also the State paid \$450,527 into the TPAF pension representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium Contributions for the Charter School. These amounts have been included in the school wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

7 Pension Plans – GASB 68 Disclosures

Teachers' Pension and Annuity Fund (TPAF)

Summary of Significant Accounting Policies

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

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

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

The employer contributions for the Charter School are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the Charter School (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the Charter School (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Charter School. However, the state's portion of the net pension liability that was associated with the Charter School was \$23,156,160 as measured on June 30, 2016 and \$18,742,901 as measured on June 30, 2015.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

7 Pension Plans – GASB 68 Disclosures - *continued*

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

For the year ended June 30, 2017, the Charter School recognized pension expense of \$1,739,863 and revenue of \$1,739,863 for support provided by the State. The measurement period for the pension expense and revenue reported in the Charter School's financial statements (A-2) at June 30, 2017 is based upon changes in the collective net pension liability with a measurement period of June 30, 2015 through June 30, 2016. Accordingly, the pension expense and the related revenue associated with the support provided by the State are based upon the changes in the collective net pension liability between July 1, 2015 and June 30, 2016.

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

	June 30, 2016	June 30, 2015
Collective deferred outflows of resources	\$ 17,414,701,002	\$ 7,521,378,257
Collective deferred inflows of resources	\$ 134,532,594	\$ 554,399,005
Collective net pension liability (non-employer State of New Jersey)	\$78,666,367,052	\$63,204,270,305
State's portion of the net pension liability that was associated with the Charter School	\$ 23,156,160	\$ 18,742,901
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	0.029436%	0.029654%

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.5%
Salary increases: 2012-2021	Varies based on experience
Salary increases: thereafter	Varies based on experience
Investment rate of return	7.65%

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

7 Pension Plans – GASB 68 Disclosures - *continued*

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

Actuarial Assumptions - continued

Pre-retirement, post retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

7 Pension Plans – GASB 68 Disclosures - *continued*

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

Long-Term Expected Rate of Return - continued

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Heage Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount Rate

The discount rate used to measure the State's total pension liability was 3.22% and 4.13% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, 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 contribution rates and that contributions from employers (State of New Jersey) will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

7 Pension Plans – GASB 68 Disclosures - *continued*

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

Discount Rate - continued

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

Since the Charter School's has no proportionate share of the net pension liability because of the special funding situation, the Charter School would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <http://www.nj.gov/treasury/pensions/pdf/financial/gasb68-tpaf16.pdf>

Pension Plan Fiduciary Net Position

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

Public Employees' Retirement System (PERS)

Summary of Significant Accounting Policies

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

7 Pension Plans – GASB 68 Disclosures - continued

Public Employees’ Retirement System (PERS) - continued

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

At June 30, 2017, the Charter School reported a liability of \$2,777,568 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2015. The Charter School’s proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2016 and 2015, respectively. At June 30, 2016, the Charter School’s proportion was 0.0093782462% which was a decrease of 0.0046020439% from its proportion measured as of June 30, 2015 which was 0.0139802901%.

For the year ended June 30, 2016, the Charter School recognized pension expense of \$139,613. At June 30, 2016, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 51,654	\$ -
Changes in assumptions	575,364	-
Net difference between projected and actual earnings on pension plan investments	105,911	-
Changes in proportion and differences between Charter School's contributions and proportionate share of contributions	562,300	749,979
Charter School's contributions subsequent to the measurement date	139,613	-
Total	\$ 1,434,842	\$ 749,979

\$139,613 reported as deferred outflows of resources related to pensions resulting from school Charter School contributions subsequent to the measurement date (i.e. for the school year ended June 30, 2017, the plan measurement date was June 30, 2016) will be recognized as a reduction of the net pension liability measured as of June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

7 Pension Plans – GASB 68 Disclosures - continued

Public Employees’ Retirement System (PERS) - continued

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

Year Ending June 30:	Pension Expense
2017	\$ 122,758
2018	122,758
2019	142,219
2020	119,485
2021	38,029
Thereafter	-
	\$ 545,250

	June 30, 2016	June 30, 2015
Collective deferred outflows of resources	\$ 8,685,338,380	\$ 3,578,755,666
Collective deferred inflows of resources	\$ 870,133,595	\$ 993,410,455
Collective net pension liability (Non-State Local Group)	\$ 29,617,131,759	\$ 22,447,996,119
Charter School's portion of the net pension liability	\$ 2,777,568	\$ 3,138,295
Charter School's proportion (percentage)	0.00937825%	0.01398029%

Actuarial Assumptions

The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation rate	3.08%
Salary increases: through 2026	1.65-4.15% based on age
Salary increases: thereafter	2.65-5.15% based on age
Investment rate of return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scale.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

7 Pension Plans – GASB 68 Disclosures - *continued*

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

Actuarial Assumptions - continued

Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

Long-Term Expected Rate of Return

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2016 are summarized in the following table:

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

7 Pension Plans – GASB 68 Disclosures - *continued*

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

Long-Term Expected Rate of Return– continued

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	50.00%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

7 Pension Plans – GASB 68 Disclosures - *continued*

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

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

The following presents the Charter School’s proportionate share of the net pension liability measured as of June 30, 2016 and 2015, respectively, calculated using the discount rate of 3.98% and 4.90%, respectively, 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:

	2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Charter School's proportionate share of the pension liability	\$ 3,403,585	\$ 2,777,568	\$ 2,260,736
	2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Charter School's proportionate share of the pension liability	\$ 3,900,517	\$ 3,138,295	\$ 2,499,254

Pension Plan Fiduciary Net Position

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

8 Post Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 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 pre-funding 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 (APB) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

9 Deferred Compensation

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

10 Economic Dependency

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

11 Contingent Liabilities

The Charter School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Charter School may be required to reimburse the grantor government.

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

11 Contingent Liabilities - *continued*

As of June 30, 2017, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Charter School of Paterson believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Charter School. The Charter School's attorney's letter advises that there is no litigation, pending litigation claims, contingent liabilities, unasserted claims for assessments or statutory violations which involved the Charter School and which might materially affect the Charter School's financial position.

12 Risk Management

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

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

New Jersey Unemployment Compensation - The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Charter School is required to reimburse the New Jersey Unemployment Trust Fund For benefits paid to its former employees and charged to its account with the State. The Charter School is billed quarterly for amounts due to the State. The following table is a summary of Charter School contributions, employee contributions, reimbursements to the State for benefits paid and ending balance of the Charter School's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Charter School Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ 50,000	\$ 43,726	\$ 93,726	\$ -
2015-2016	51,537	90,122	141,659	-
2014-2015	82,860	15,813	98,673	-

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

13 Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2017 is as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 312,531	\$ -
Special Revenue Fund	-	430,723
Enterprise Fund	118,192	-
Trust and Agency Fund	-	-
	\$ 430,723	\$ 430,723

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

14 Receivables

Receivables as of June 30, 2017 consisted of accounts, intergovernmental, grants and miscellaneous receivables. All receivables are considered collectible in full. A summary of the principal items of receivables is as follows:

State aid	\$ 146,273
Federal aid	604,194
Other	587,838
Total receivables	\$ 1,338,305

15 Subsequent Events

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

16 Related Party

New Jersey Community Development Corporation (NJCDC), a non-profit community development and social service agency based in Paterson is the founder of the Charter School. Officials of NJCDC are members of the Board of Trustees of the Charter School. NJCDC is the landlord of the two facilities leased by the Charter School – 75 and 32 Spruce Street, Paterson, New Jersey. It is also the primary lessee on the 137 Ellison Street facilities (the Charter School is subleasing from NJCDC). In the opinion of management, the rental payments under the three leases approximate the market.

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

Of the \$3,662,181 General Fund balance at June 30, 2017, \$-0- is reserved for encumbrances; \$3,662,181 is unreserved and undesignated.

18 Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet (B-1) and the Government-wide Statement of Net Position (A-1).

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position - governmental activities as reported in the Government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including deferred pension liability are not due and payable in the current period and therefore are not reported in the funds. The reconciliation is as follows:

Fund balance per B-1	\$ 3,662,181
Cost of capital assets net accumulated depreciation	1,955,215
Pension deferred outflows	1,295,229
Pension deferred inflows	(749,979)
Deferred pension liability as of June 30, 2017	(2,777,568)
Net position (per A-1) as of June 30, 2017	<u>\$ 3,385,078</u>

Required Supplementary Information

Part II

Budgetary Comparison

**COMMUNITY CHARTER SCHOOL OF PATERSON
General Fund**

C-1

Budget Comparison Schedule

Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local Sources:					
Local tax levy	\$ 1,015,199	\$ -	\$ 1,015,199	\$ 1,015,199	\$ -
Miscellaneous	-	-	-	47,619	47,619
Total revenues -local sources	<u>1,015,199</u>	<u>-</u>	<u>1,015,199</u>	<u>1,062,818</u>	<u>47,619</u>
State sources:					
State aid	11,036,593	-	11,036,593	11,287,659	251,066
Reimbursed TPAF-Social Security (non-budgeted)	200,000	-	200,000	418,728	218,728
TPAF pension and post retirement medical and long-term disability premium benefits on-behalf payments (non-budgeted)	-	-	-	-	-
	-	-	-	450,527	450,527
Total -state sources	<u>11,236,593</u>	<u>-</u>	<u>11,236,593</u>	<u>12,156,914</u>	<u>920,321</u>
Total revenues	<u>12,251,792</u>	<u>-</u>	<u>12,251,792</u>	<u>13,219,732</u>	<u>967,940</u>
Expenditures					
Current expense:					
Instruction					
Salaries of teachers	3,921,573	263,592	4,185,165	4,166,031	19,134
Other salaries for instruction	597,457	(335,075)	262,382	253,349	9,033
Purchased profesional technical services	104,000	(15,285)	88,715	78,715	10,000
Other purchased services	52,500	(18,302)	34,198	22,761	11,437
General educational supplies	120,000	19,757	139,757	124,536	15,221
Textbooks	169,261	(1,966)	167,295	167,295	-
Miscellaneous expenses	14,000	13,361	27,361	22,429	4,932
	<u>4,978,791</u>	<u>(73,918)</u>	<u>4,904,873</u>	<u>4,835,116</u>	<u>69,757</u>

**COMMUNITY CHARTER SCHOOL OF PATERSON
General Fund**

C-1

Budget Comparison Schedule

Year ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Administrative cost:					
Salaries	1,355,005	(58,541)	1,296,464	1,280,452	16,012
Total benefit costs	1,917,732	(240,227)	1,677,505	1,114,305	563,200
Professional /Technical service	199,200	45,712	244,912	227,862	17,050
Other purchased services	142,040	234,970	377,010	367,725	9,285
Communications and Telephones	16,250	26,561	42,811	37,964	4,847
Supplies and materials	69,500	20,242	89,742	89,742	-
Miscellaneous expenses	19,725	-	19,725	14,579	5,146
	<u>3,719,452</u>	<u>28,717</u>	<u>3,748,169</u>	<u>3,132,629</u>	<u>615,540</u>
Support services:					
Salaries	1,434,224	(166,939)	1,267,285	1,103,842	163,443
Purchased prof/tech service	157,659	164,029	321,688	284,124	37,564
Other purchased services	145,516	58,041	203,557	175,634	27,923
Rent on land and buildings	1,725,754	6,299	1,732,053	1,651,000	81,053
Insurance-fidelity, liability property	70,743	(9,553)	61,190	52,137	9,053
Supplies and materials	220,889	14,684	235,573	227,189	8,384
Energy & Utilities	244,304	(8,135)	236,169	201,704	34,465
Miscellaneous expenses	71,016	19,322	90,338	75,114	15,224
Transportation other than to/from school	29,000	17,274	46,274	42,142	4,132
Food Services - Transfer to cover deficit	-	-	-	-	-
Total support services	<u>4,099,105</u>	<u>95,022</u>	<u>4,194,127</u>	<u>3,812,886</u>	<u>381,241</u>

**COMMUNITY CHARTER SCHOOL OF PATERSON
General Fund**

C-1

Budget Comparison Schedule

Year ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Capital outlay:					
Instructional equipment	44,700	(28,571)	16,129	-	16,129
Non-instructional equipment	-	-	-	-	-
Purchase land/improvements	70,000	(21,250)	48,750	44,660	4,090
Miscellaneous expenses	-	-	-	-	-
Total capital outlay	<u>114,700</u>	<u>(49,821)</u>	<u>64,879</u>	<u>44,660</u>	<u>20,219</u>
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	418,728	(418,728)
TPAF pension and post retirement medical benefits on-behalf payments (non-budgeted)	-	-	-	450,527	(450,527)
Total expenditures	<u>12,912,048</u>	<u>-</u>	<u>12,912,048</u>	<u>12,694,546</u>	<u>217,502</u>
Excess (deficiency) of revenues over (under) expenditures	(660,256)	-	(660,256)	525,186	1,185,442
Fund balances, beginning of year	<u>3,413,702</u>	<u>-</u>	<u>3,413,702</u>	<u>3,136,995</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,753,446</u>	<u>\$ -</u>	<u>\$ 2,753,446</u>	<u>\$ 3,662,181</u>	<u>\$ 1,185,442</u>

**COMMUNITY CHARTER SCHOOL OF PATERSON
Special Revenue Fund**

C-2

**Budget Comparison Schedule
Budgetary Basis
Year ended June 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues					
Federal sources	\$1,914,465	\$ -	\$1,914,465	\$ 1,670,101	\$ 244,364
Local sources	28,590	-	28,590	16,815	11,775
Total revenues -all sources	<u>1,943,055</u>	<u>-</u>	<u>1,943,055</u>	<u>1,686,916</u>	<u>256,139</u>
Expenditures					
Current Expenditures:					
Instruction:					
Salaries of teachers	1,071,227	-	1,071,227	962,042	109,185
Purchased Prof. and technical services	68,879	-	68,879	60,252	8,627
Other purchased services	-	-	-	-	-
General supplies	203,020	-	203,020	153,112	49,908
Miscellaneous expenditures	18,166	-	18,166	18,039	127
Total instruction	<u>1,361,292</u>	<u>-</u>	<u>1,361,292</u>	<u>1,193,445</u>	<u>167,847</u>
Support services					
Support services salaries	202,949	-	202,949	181,842	21,107
Employee benefits	203,339	-	203,339	196,773	6,566
Purchased professional services	86,895	-	86,895	73,118	13,777
Other purchased services	53,632	-	53,632	18,423	35,209
Rental	11,700	-	11,700	11,700	-
Supplies	10,444	-	10,444	1,359	9,085
Miscellaneous expenditures	12,804	-	12,804	10,256	2,548
Total support services	<u>581,763</u>	<u>-</u>	<u>581,763</u>	<u>493,471</u>	<u>88,292</u>
Capital Outlay:					
Facilities acquisition and construction services					
Instructional equipment	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-
Construction services	-	-	-	-	-
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$1,943,055</u>	<u>\$ -</u>	<u>\$ 581,763</u>	<u>\$ 1,686,916</u>	<u>\$ 256,139</u>

Notes to Required Supplementary Information

COMMUNITY CHARTER SCHOOL OF PATERSON
Note to Required Supplementary Information
Budget to GAAP Reconciliation

C-3

Year ended June 30, 2017

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule:	[C-1]	\$ 13,219,732	
	[C-2]		\$ 1,686,916
Difference - budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	\$ 13,219,732	\$ 1,686,916
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 12,694,546	
	[C-2]		\$ 1,686,916
Differences - budget to GAAP Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.			-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes. Net transfer (outflows) to general fund		-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 12,694,546	\$ 1,686,916

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

COMMUNITY CHARTER SCHOOL OF PATERSON

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

	Fiscal Year Ended June 30,			
	2016	2015	2014	2013
Charter School's proportion of the net pension liability (assets)	0.0093782462%	0.0139802901%	0.0104217010%	0.0092776237%
Charter School's proportionate share of the net pension liability (assets)	<u>2,777,568</u>	<u>3,138,295</u>	<u>1,951,227</u>	<u>1,773,138</u>
Charter School's covered employee payroll	\$ 720,033	\$ 694,313	\$ 938,296	\$ 660,928
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll	385.76%	452.00%	207.95%	268.28%
Plan fiduciary net position as a percentage of the total pension liability - local	40.14%	47.93%	52.08%	48.72%

Note

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

COMMUNITY CHARTER SCHOOL OF PATERSON

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

	Fiscal Year Ended June 30,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 139,613	\$ 120,193	\$ 85,915	\$ 69,905
Contribution in relation to the contractually required contribution	<u>(139,613)</u>	<u>(120,193)</u>	<u>(85,915)</u>	<u>(69,905)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	\$ 720,033	\$ 694,313	\$ 938,296	\$ 660,928
Contributions as a percentage of covered employee payroll	19.39%	17.31%	9.16%	10.58%

Note

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

COMMUNITY CHARTER SCHOOL OF PATERSON

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

	Fiscal Year Ended June 30,			
	2016	2015	2014	2013
Charter School's proportion of the net pension liability (assets)**	N/A	N/A	N/A	N/A
Charter School's proportionate share of the net pension liability (assets)**	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (assets) associated with the Charter School	\$ 23,156,160	\$ 18,742,901	\$ 11,228,897	\$ 11,716,500
Total	\$ 23,156,160	\$ 18,742,901	\$ 11,228,897	\$ 11,716,500
Charter School's covered employee payroll	\$ 2,107,257	\$ 2,268,474	\$ 2,939,626	\$ 2,896,989
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll**	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

****Note**

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

Note to Required Supplementary Information
Pension Schedules
Year ended June 30, 2017

Public Employees' Retirement System (PERS)

Changes of benefit terms. 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.

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

Teacher's Pension and Annuity Fund (TPAF)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, 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 for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table 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 2000 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.

Other Supplementary Information

School Level Schedules

Special Revenue Fund

**COMMUNITY CHARTER SCHOOL OF PATERSON
Special Revenue Fund**

E-1

**Combining Schedule of Program, Revenue and Expenditures
Budgetary Basis**

Year ended June 30, 2017

	<u>Title IA 2016-2017</u>	<u>I.D.E.A. 2016-2017</u>	<u>Title IIA 2016-2017</u>	<u>Twenty-First Century 2015-2016</u>	<u>Twenty- Century 2016-2017</u>	<u>Taub Foundation Grant</u>	<u>Total</u>
Revenues							
Federal sources	\$ 975,539	\$ 180,826	\$ 15,795	\$ 35,014	\$ 462,927	\$ -	\$ 1,670,101
Local sources	-	-	-	-	-	16,815	16,815
Total revenues -all sources	<u>\$ 975,539</u>	<u>\$ 180,826</u>	<u>\$ 15,795</u>	<u>\$ 35,014</u>	<u>\$ 462,927</u>	<u>\$ 16,815</u>	<u>\$ 1,686,916</u>
Expenditures							
Instruction							
Salaries of teachers	\$ 738,564	\$ 89,201	\$ -	\$ 3,007	\$ 131,270	\$ -	\$ 962,042
Purchased Prof. and technical services	-	-	-	-	60,252	-	60,252
Other purchased services	-	-	-	-	-	-	-
General supplies	89,278	-	-	-	63,834	-	153,112
Miscellaneous expenditures	-	-	-	-	18,039	-	18,039
Total instruction	<u>827,842</u>	<u>89,201</u>	<u>-</u>	<u>3,007</u>	<u>273,395</u>	<u>-</u>	<u>1,193,445</u>
Support services							
Support services salaries	-	58,564	-	14,457	108,821	-	181,842
Employee benefits	121,118	33,061	-	15,637	26,957	-	196,773
Purchased professional services	25,400	-	15,795	-	15,723	16,200	73,118
Other purchased services	-	-	-	1,913	15,895	615	18,423
Rental	-	-	-	-	11,700	-	11,700
Supplies	-	-	-	-	1,359	-	1,359
Miscellaneous expenditures	1,179	-	-	-	9,077	-	10,256
Total support services	<u>147,697</u>	<u>91,625</u>	<u>15,795</u>	<u>32,007</u>	<u>189,532</u>	<u>16,815</u>	<u>493,471</u>
Facilities acquisition and construction services							
Instructional equipment	-	-	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-	-	-
Construction services	-	-	-	-	-	-	-
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 975,539</u>	<u>\$ 180,826</u>	<u>\$ 15,795</u>	<u>\$ 35,014</u>	<u>\$ 462,927</u>	<u>\$ 16,815</u>	<u>\$ 1,686,916</u>

Capital Projects Fund
At June 30, 2017, there was no capital project fund.

Enterprise Fund

**COMMUNITY CHARTER SCHOOL OF PATERSON
Enterprise Funds**

G-1

Combining Statement of Net Position

June 30, 2017

	Food Services
Assets	
Current assets:	
Cash and cash equivalents	\$ 221,603
Accounts receivable:	-
Federal	64,209
State	668
Interfund receivable - general fund	118,192
Total current assets	\$ 404,672
 Liabilities	
Current liabilities:	
Interfund payable - general fund	\$ -
Accounts payable	101,555
Total current liabilities	\$ 101,555
 Net position	
Unrestricted	303,117
Total net position	\$ 303,117

COMMUNITY CHARTER SCHOOL OF PATERSON
Enterprise Fund

G-2

Combining Statement of Revenues, Expenditures and Changes in Net Position

Year ended June 30, 2017

	<u>Food Services</u>
Operating revenues:	
Charges for services:	
Daily sales - nonreimbursable programs	\$ 96
Miscellaneous revenue	-
Total operating revenues	<u>96</u>
Operating expenses:	
Cost of sales	637,121
Salaries	-
Employee benefits	-
Professional /technical service	2,757
Supplies and materials	-
Depreciation	-
Miscellaneous	119
Total operating expenses	<u>639,997</u>
Operating income (loss)	<u>(639,901)</u>
Nonoperating revenues:	
State sources:	
State School Lunch Program	8,180
Federal sources:	
National School Lunch Program	455,980
National School Breakfast Program	258,763
After School Snacks	57,728
Fresh Fruits and Vegetable Program	-
Total nonoperating revenues	<u>780,651</u>
Net income/(loss) before contributions & transfers	140,750
Other financing sources:	
Transfer in/(out) - board contribution	<u>-</u>
	<u>-</u>
Change in net position	140,750
Total net position-beginning of year	<u>162,367</u>
Total net position-end of year	<u><u>\$ 303,117</u></u>

COMMUNITY CHARTER SCHOOL OF PATERSON
Enterprise Fund

G-3

Statement of Cash Flows

Year ended June 30, 2017

	<u>Food Services</u>
 Cash flows from operating activities	
Operating loss	\$ (639,901)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities:	
Accounts receivable	86,846
Due to/(from) general fund	(84,553)
Accounts payable	46,287
Net cash used in operating activities	<u>(591,321)</u>
 Cash flows from noncapital financing activities	
Cash received from state reimbursements	8,180
Cash received from federal reimbursements	772,471
Operating subsidies and transfers from other funds	-
Net cash provided by noncapital financing activities	<u>780,651</u>
 Cash flows from investing activities	
Net change in cash and cash equivalents	189,330
Cash and cash equivalents, beginning	32,273
Cash and cash equivalents, ending	<u>\$ 221,603</u>

Fiduciary Fund

**COMMUNITY CHARTER SCHOOL OF PATERSON
Fiduciary Funds**

H-1

Combining Statement of Fiduciary Net Position

June 30, 2017

	<u>Student Activity Fund</u>	<u>Unemployment Insurance Fund</u>	<u>Agency Fund Payroll</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 64,394	\$ -	\$ 403,644	\$ 468,038
Total assets	<u>\$ 64,394</u>	<u>\$ -</u>	<u>\$ 403,644</u>	<u>\$ 468,038</u>
Liabilities and Net Position				
Liabilities:				
Payroll deductions and withholdings	\$ -	\$ -	\$ 403,644	\$ 403,644
Interfund payables	-	-	-	-
Account payable - due to students group	64,394	-	-	64,394
Total liabilities	<u>64,394</u>	<u>-</u>	<u>403,644</u>	<u>468,038</u>
Net Position				
Total liabilities and net position	<u>\$ 64,394</u>	<u>\$ -</u>	<u>\$ 403,644</u>	<u>\$ 468,038</u>

COMMUNITY CHARTER SCHOOL OF PATERSON
Fiduciary Funds

H-2

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2017

	<u>Unemployment Compensation</u>
Additions:	
Board contributions	\$ 50,000
Employee contributions	43,726
Total additions	<u>93,726</u>
Deductions:	
Unemployment payments	<u>93,726</u>
Total deductions	<u>93,726</u>
Change in net position	-
Net position, beginning	<u>-</u>
Net position, ending	<u><u>\$ -</u></u>

COMMUNITY CHARTER SCHOOL OF PATERSON
Student Activity Agency Fund
Schedule of Receipts and Disbursements

H-3

Year ended June 30, 2017

	<u>Balance June 30, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2017</u>
Assets				
Parent council fund	\$ 31,979	\$ 117,301	\$ 84,886	\$ 64,394
Total assets	<u>\$ 31,979</u>	<u>\$ 117,301</u>	<u>\$ 84,886</u>	<u>\$ 64,394</u>

COMMUNITY CHARTER SCHOOL OF PATERSON
Payroll Agency Fund
Schedule of Receipts and Disbursements

H-4

Year ended June 30, 2017

	<u>Balance June 30, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2017</u>
Assets				
Cash and cash equivalents	\$ 179,948	\$ 7,590,268	\$ 7,366,572	\$ 403,644
Total assets	<u>\$ 179,948</u>	<u>\$ 7,590,268</u>	<u>\$ 7,366,572</u>	<u>\$ 403,644</u>
Liabilities				
Payroll deductions and withholdings	\$ 179,948	\$ 7,590,268	\$ 7,366,572	\$ 403,644
Interfund payable	-	-	-	-
Total liabilities	<u>\$ 179,948</u>	<u>\$ 7,590,268</u>	<u>\$ 7,366,572</u>	<u>\$ 403,644</u>

Long Term Debt
At June 30, 2017, there was no long term debt.

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

I-2

Year ended June 30, 2017

NONE

<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2016</u>	<u>Acquired Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2017</u>
		\$ -	\$ -	\$ -	\$ -

Statistical Section

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-1

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

	Fiscal Year Ended June 30,								
	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities									
Invested in capital assets, net of related debt	\$ 1,955,215	\$ 1,977,232	\$ 1,934,268	\$ 2,003,297	\$ 1,206,807	\$ 871,838	\$ 729,341	\$ 481,224	\$ -
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	1,429,863	1,196,344	1,678,167	2,171,168	2,284,864	2,012,706	2,195,940	1,735,064	476,518
Total governmental activities net position	\$ 3,385,078	\$ 3,173,576	\$ 3,612,435	\$ 4,174,465	\$ 3,491,671	\$ 2,884,544	\$ 2,925,281	\$ 2,216,288	\$ 476,518
Business-type activities									
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	303,117	162,367	57,455	23,779	11,552	-	-	-	495
Total business-type activities	\$ 303,117	\$ 162,367	\$ 57,455	\$ 23,779	\$ 11,552	\$ -	\$ -	\$ -	\$ 495
School-wide									
Invested in capital assets, net of related debt	\$ 1,955,215	\$ 1,977,232	\$ 1,934,268	\$ 2,003,297	\$ 1,206,807	\$ 871,838	\$ 729,341	\$ 481,224	\$ -
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	1,732,980	1,358,711	1,735,622	2,194,947	2,296,416	2,012,706	2,195,940	1,735,064	477,013
Total charter school net position	\$ 3,688,195	\$ 3,335,943	\$ 3,669,890	\$ 4,198,244	\$ 3,503,223	\$ 2,884,544	\$ 2,925,281	\$ 2,216,288	\$ 477,013

-

Notes

GASB requires that ten year of statistical data be presented. However, only nine years of data is available. Each year thereafter, an additional year's data will be included until ten years of data is presented.

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-2

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

	Fiscal Year Ended June 30,								
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Expenses									
Governmental activities									
Instruction									
Regular	\$ 6,028,561	\$ 6,183,596	\$ 4,777,832	\$ 3,614,419	\$ 3,143,395	\$ 2,782,133	\$ 2,552,194	\$ 2,642,231	\$ 1,843,358
Support Services:									
General administration	4,293,551	4,329,775	2,754,677	2,571,924	1,913,770	1,621,229	1,899,409	1,446,493	738,958
School administrative services	3,855,830	3,825,839	3,635,743	3,662,800	2,881,848	2,435,510	1,841,515	1,561,524	1,089,537
On-behalf TPAF/FICA Reimbursements	450,527	516,300	414,838	240,372	236,801	217,182	163,391	102,516	-
Capital outlay	-	-	-	-	-	-	161,870	177,519	311,883
Unallocated depreciation	66,677	321,823	350,782	224,724	142,154	115,771	-	8,078	-
Total governmental activities expenses	<u>14,695,146</u>	<u>15,177,333</u>	<u>11,933,872</u>	<u>10,314,239</u>	<u>8,317,968</u>	<u>7,171,825</u>	<u>6,618,379</u>	<u>5,938,361</u>	<u>3,983,736</u>
Business-type activities:									
Food service	639,997	653,002	667,329	470,311	381,276	320,299	333,906	227,379	184,495
Child Care	-	-	-	-	-	-	-	-	-
Total business-type activities expense	<u>639,997</u>	<u>653,002</u>	<u>667,329</u>	<u>470,311</u>	<u>381,276</u>	<u>320,299</u>	<u>333,906</u>	<u>227,379</u>	<u>184,495</u>
Total charter school expenses	<u>\$ 15,335,143</u>	<u>\$ 15,830,335</u>	<u>\$ 12,601,201</u>	<u>\$ 10,784,550</u>	<u>\$ 8,699,244</u>	<u>\$ 7,492,124</u>	<u>\$ 6,952,285</u>	<u>\$ 6,165,740</u>	<u>\$ 4,168,231</u>
Program Revenues									
Governmental activities:									
Charges for services:									
Operating grants and contributions	\$ 1,686,916	\$ 1,593,462	\$ 879,624	\$ 540,992	\$ 540,992	\$ 714,434	\$ 730,864	\$ 721,307	\$ 242,847
Capital grants and contributions	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>1,686,916</u>	<u>1,593,462</u>	<u>879,624</u>	<u>540,992</u>	<u>540,992</u>	<u>714,434</u>	<u>730,864</u>	<u>721,307</u>	<u>242,847</u>
Business-type activities:									
Charges for services:									
Food service	96	15	13,854	14,733	14,733	9,972	-	-	63,359
Child care	-	-	-	-	-	8,075	-	-	-
Operating grants and contributions	780,651	757,899	687,151	378,095	378,095	296,706	333,906	226,884	121,631
Capital grants and contributions	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>780,747</u>	<u>757,914</u>	<u>701,005</u>	<u>392,828</u>	<u>392,828</u>	<u>314,753</u>	<u>333,906</u>	<u>226,884</u>	<u>184,990</u>
Total charter school program revenues	<u>\$ 2,467,663</u>	<u>\$ 2,351,376</u>	<u>\$ 1,580,629</u>	<u>\$ 933,820</u>	<u>\$ 933,820</u>	<u>\$ 1,029,187</u>	<u>\$ 1,064,770</u>	<u>\$ 948,191</u>	<u>\$ 427,837</u>
Net (Expense)/Revenue									
Governmental activities	\$ (13,008,230)	\$ (13,583,871)	\$ (11,054,248)	\$ (9,773,247)	\$ (7,776,976)	\$ (6,457,391)	\$ (5,887,515)	\$ (5,217,054)	\$ (3,740,889)
Business-type activities	140,750	104,912	33,676	(77,483)	11,552	(5,546)	-	(495)	495
Total charter school-wide net expense	<u>\$ (12,867,480)</u>	<u>\$ (13,478,959)</u>	<u>\$ (11,020,572)</u>	<u>\$ (9,850,730)</u>	<u>\$ (7,765,424)</u>	<u>\$ (6,462,937)</u>	<u>\$ (5,887,515)</u>	<u>\$ (5,217,549)</u>	<u>\$ (3,740,394)</u>

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-2

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

	Fiscal Year Ended June 30,								
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Revenues and Other Changes in Net Position									
Governmental activities:									
Property taxes levied for general purposes, net	\$ 1,015,199	\$ 1,110,312	\$ 1,068,170	\$ 720,508	\$ 720,508	\$ 552,249	\$ 558,015	\$ 615,546	\$ 413,288
Grants and contributions	12,156,914	11,908,511	11,343,829	7,661,031	7,661,031	6,001,057	5,741,688	6,239,232	3,804,119
Miscellaneous income	47,619	126,189	31,446	2,133	2,133	2,979	45,688	101,946	-
Transfers	-	-	-	-	-	(5,546)	(26,104)	-	-
Total governmental activities	<u>13,219,732</u>	<u>13,145,012</u>	<u>12,443,445</u>	<u>8,383,672</u>	<u>8,383,672</u>	<u>6,550,739</u>	<u>6,319,287</u>	<u>6,956,724</u>	<u>4,217,407</u>
Business-type activities:									
Transfers	-	-	-	-	-	5,546	26,104	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,546</u>	<u>26,104</u>	<u>-</u>	<u>-</u>
Total charter school-wide	<u>\$ 13,219,732</u>	<u>\$ 13,145,012</u>	<u>\$ 12,443,445</u>	<u>\$ 8,383,672</u>	<u>\$ 8,383,672</u>	<u>\$ 6,556,285</u>	<u>\$ 6,345,391</u>	<u>\$ 6,956,724</u>	<u>\$ 4,217,407</u>
Change in Net Position									
Governmental activities	\$ 211,502	\$ (438,859)	\$ 1,389,197	\$ (1,389,575)	\$ 606,696	\$ 98,894	\$ 457,876	\$ 1,739,670	\$ 476,518
Business-type activities	140,750	104,912	33,676	(77,483)	11,552	(5,546)	-	(495)	495
Total charter school	<u>\$ 352,252</u>	<u>\$ (333,947)</u>	<u>\$ 1,422,873</u>	<u>\$ (1,467,058)</u>	<u>\$ 618,248</u>	<u>\$ 93,348</u>	<u>\$ 457,876</u>	<u>\$ 1,739,175</u>	<u>\$ 477,013</u>

Notes

GASB requires that ten year of statistical data be presented. However, only nine years of data is available. Each year thereafter, an additional year's data will be included until ten years of data is presented.

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-3

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

	Fiscal Year Ended June 30,								
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Fund									
Unreserved	\$ 3,662,181	\$ 3,136,995	\$ 3,413,702	\$ 2,171,168	\$ 2,284,864	\$ 2,012,706	\$ 2,192,940	\$ 1,735,064	\$ 476,516
Total general fund	<u>\$ 3,662,181</u>	<u>\$ 3,136,995</u>	<u>\$ 3,413,702</u>	<u>\$ 2,171,168</u>	<u>\$ 2,284,864</u>	<u>\$ 2,012,706</u>	<u>\$ 2,192,940</u>	<u>\$ 1,735,064</u>	<u>\$ 476,516</u>
All Other Governmental Funds									
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:									
Special revenue fund	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Charter School's Records

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-4

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

Function	Fiscal Year Ended June 30,								
	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues									
Local tax levy	\$ 1,015,199	\$ 1,110,312	\$ 1,068,170	\$ 890,363	\$ 720,508	\$ 552,249	\$ 558,015	\$ 615,546	\$ 413,288
Miscellaneous	47,619	126,189	31,446	14,381	2,133	2,979	45,688	101,946	-
State sources	12,156,914	11,908,511	11,343,829	9,523,468	7,661,031	6,001,057	5,741,688	5,749,930	3,804,119
Federal sources	1,670,101	1,555,427	879,624	567,621	541,423	714,434	730,864	721,307	242,847
Total revenue	14,889,833	14,700,439	13,323,069	10,995,833	8,925,095	7,270,719	7,076,255	7,188,729	4,460,254
Expenditures									
Instruction	6,028,561	6,183,596	4,777,832	3,614,419	3,143,395	2,782,133	2,552,194	2,756,441	1,843,358
Administration	3,132,629	3,203,316	2,245,294	2,086,593	1,913,770	1,621,229	2,062,800	1,434,799	738,958
Support Services	4,306,357	4,342,139	4,050,581	3,903,172	3,118,649	2,658,238	1,841,515	1,561,524	1,089,537
Capital Outlay	44,660	365,504	281,753	1,021,214	477,123	389,353	161,870	177,419	311,883
Total expenditures	13,512,207	14,094,555	11,355,460	10,625,398	8,652,937	7,450,953	6,618,379	5,930,183	3,983,736
Net change in fund balances	\$ 1,377,626	\$ 605,884	\$ 1,967,609	\$ 370,435	\$ 272,158	\$ (180,234)	\$ 457,876	\$ 1,258,546	\$ 476,518

Source: Charter School's Records

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-5

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

<u>Function</u>	<u>Fiscal Year Ended June 30,</u>								
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Other local revenues									
Miscellaneous	\$ 47,619	\$ 126,189	\$ 31,446	\$ 14,381	\$ 2,133	\$ 2,979	\$ 45,688	\$ 101,946	\$ -
Total other local revenue	<u>\$ 47,619</u>	<u>\$ 126,189</u>	<u>\$ 31,446</u>	<u>\$ 14,381</u>	<u>\$ 2,133</u>	<u>\$ 2,979</u>	<u>\$ 45,688</u>	<u>\$ 101,946</u>	<u>\$ -</u>

Source: Charter School's Records

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-10

Ratio of Outstanding Debt By Type
Last Nine Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities	Total Charter School	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2010	-	-	-	-	-	-	0.00%	-
2011	-	-	-	-	-	-	0.00%	-
2012	-	-	-	-	-	-	0.00%	-
2013	-	-	-	-	-	-	0.00%	-
2014	-	-	-	-	-	-	0.00%	-
2015	-	-	-	-	-	-	0.00%	-
2016	-	-	-	-	-	-	0.00%	-
2017	-	-	-	-	-	-	0.00%	-

NO LONG TERM DEBT FOR THE CHARTER SCHOOL

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

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-14

Demographic and Economic Statistics
Last Nine Fiscal Years
(Unaudited)

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2009	145,834	\$ 5,677,609,288	\$ 38,932	16.30%
2010	146,474	5,830,690,518	39,807	16.30%
2011	145,715	6,028,375,265	41,371	16.30%
2012	146,715	6,136,208,160	41,824	16.30%
2013	147,122	6,158,085,554	41,857	16.30%
2014	147,490	6,443,395,630	43,687	16.30%
2015	147,754	6,972,363,506	47,189	16.30%
2016	147,000	6,936,783,000	47,189	9.20%
2017	147,000	6,936,783,000	47,189	9.20%

Source:

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

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

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

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

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-15

Principal Employers
Current Year
(Unaudited)

<u>Employer</u>	2017	
	<u>Employees</u>	<u>Rank [Optional]</u>
Saint Joseph's Reg. Medical Center	4,700	a
City of Paterson	3,000	a
William Paterson University	1,117	a
Marcal Paper Products	1,000	a
Accurate Box	180	a
Frost King-Thermwell Products	Not Available	a
Barnert Hospital	Not Available	a
	9,997	0.00%

a Information not available.

Source: Web Site: <http://www.city-data.com/us-cities/The-Northeast/Paterson-Economy.html>

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-16

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

<u>Function/Program</u>	Fiscal Year Ended June 30,								
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Instruction									
Regular	65	65	55	47	39	36	36	36	30
Special education	14	11	11	11	11	6	7	7	4
Vocational									
Other instruction	13	11	11	7	7	11	8	8	5
Support Services:									
Student & instruction related services									
General administration	8	8	8	8	8	7	7	5	4
School administrative services									
Other administrative services									
Central services									
Administrative Information Technology	1	1	1	1	1	1	1	1	1
Plant operations and maintenance	5	5	5	3	3	3	5	5	5
Pupil transportation									
Other support services	5	5	5	6	6	7	5	5	5
Special Schools									
Food Service	8	8	8	8	8	7	13	13	8
Total	<u>119</u>	<u>114</u>	<u>104</u>	<u>91</u>	<u>83</u>	<u>78</u>	<u>82</u>	<u>80</u>	<u>62</u>

Source: Charter School Personnel Records

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-17

Operating Statistics

**Last Nine Fiscal Years
(Unaudited)**

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Kindergarten	Elementary				
2009	359	\$ 3,983,736	\$ 11,097	N/A	39	1:10	1:10	478	453	N/A	94.77%
2010	486	5,930,183	12,202	48.86%	51	1:10	1:10	488	459	2.09%	94.06%
2011	478	6,618,379	13,846	11.60%	51	1:10	1:10	478	468	-2.05%	97.91%
2012	475	7,061,600	14,867	6.70%	53	1:10	1:10	478	468	0.00%	97.91%
2013	583	8,175,814	14,024	15.78%	57	1:10	1:10	583	516	21.97%	88.51%
2014	694	9,604,184	13,839	17.47%	57	1:10	1:10	694	690	19.04%	99.42%
2015	796	11,073,707	13,912	15.30%	77	1:10	1:10	796	790	14.70%	99.25%
2016	892	13,729,051	15,391	23.98%	87	1:10	1:10	892	890	12.06%	99.78%
2017	900	13,467,547	14,964	-1.90%	92	1:10	1:10	896	890	0.45%	99.33%

Sources: Charter School records

Note: Enrollment based on annual June Charter School count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance.

**COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey**

J-18

**School Building Information
Last Nine Fiscal Years
(Unaudited)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>Fiscal Year Ended June 30,</u>			<u>2011</u>	<u>2010</u>	<u>2009</u>
				<u>2014</u>	<u>2013</u>	<u>2012</u>			
Square Feet	80,550	80,550	80,550	80,550	80,550	40,550	28,550	28,000	28,000
Capacity (students)	900	900	900	900	600	500	500	500	500
Enrollment	900	892	796	694	583	475	478	486	359

Source: School Records

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-19

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

2009	\$ 877,745
2010	915,259
2011	1,278,752
2012	1,602,693
2013	2,079,633
2014	2,763,882
2015	2,621,497
2016	2,601,564
2017	2,666,902
	-
Total	<u>\$ 17,407,927</u>

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

Source: Charter School records

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-20

Insurance Schedule

June 30, 2017
(Unaudited)

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

Source: Charter School Records

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-21

Charter School Performance Framework Financial Indicators
New Term Indicators

June 30, 2017
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash	\$ 3,461,003	\$ 4,323,379	\$ 3,589,412
Current assets	1,569,929	971,699	1,396,939
Capital assets, net	1,955,215	1,977,232	1,934,268
Total assets	<u>6,986,147</u>	<u>7,272,310</u>	<u>6,920,619</u>
Current liabilities	1,065,634	1,995,716	1,515,194
Long term liabilities	-	-	-
Total liabilities	<u>1,065,634</u>	<u>1,995,716</u>	<u>1,515,194</u>
Net position	<u>\$ 5,920,513</u>	<u>\$ 5,276,594</u>	<u>\$ 5,405,425</u>
Total revenue	\$ 15,687,395	\$ 15,496,388	\$ 14,024,074
Total expenses	(15,335,143)	(15,830,335)	(12,601,201)
Change in net position	<u>\$ 352,252</u>	<u>\$ (333,947)</u>	<u>\$ 1,422,873</u>

Depreciation expense	\$ 66,677	\$ 321,823	\$ 350,782
Interest expense	-	-	-
Principal payments	-	-	-
Interest payments	-	-	-

Final average daily enrollment	900	892	796
March 30th budgeted enrollment	900	900	800

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>Three Year Cumulative</u>
NEAR TERM INDICATORS:				
Current ratio	4.72	2.65	3.29	10.67
Unrestricted days cash	82.38	99.68	103.97	286.03
Enrollment variance	100%	99%	100%	100%
Default	N/A	N/A	N/A	N/A

Source: Charter School Records

COMMUNITY CHARTER SCHOOL OF PATERSON
County of Passaic, New Jersey

J-22

Charter School Performance Framework Financial Indicators
Sustainability Indicators

June 30, 2017
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash	\$ 3,461,003	\$ 4,323,379	\$ 3,589,412
Current assets	1,569,929	971,699	1,396,939
Capital assets, net	1,955,215	1,977,232	1,934,268
Total assets	<u>6,986,147</u>	<u>7,272,310</u>	<u>6,920,619</u>
Current liabilities	1,065,634	1,995,716	1,515,194
Long term liabilities	-	-	-
Total liabilities	<u>1,065,634</u>	<u>1,995,716</u>	<u>1,515,194</u>
Net position	<u>\$ 5,920,513</u>	<u>\$ 5,276,594</u>	<u>\$ 5,405,425</u>
Total revenue	\$ 15,687,395	\$ 15,496,388	\$ 14,024,074
Total expenses	(15,335,143)	(15,830,335)	(12,601,201)
Change in net position	<u>\$ 352,252</u>	<u>\$ (333,947)</u>	<u>\$ 1,422,873</u>

Depreciation expense	\$ 66,677	\$ 321,823	\$ 350,782
Interest expense	-	-	-
Principal payments	-	-	-
Interest payments	-	-	-

Final average daily enrollment	900	892	796
March 30th budgeted enrollment	900	900	800

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>Three Year Cumulative</u>
SUSTAINABILITY INDICATORS:				
Total margin	2%	-2%	10%	3%
Debt to asset	N/A	N/A	N/A	N/A
Cash flow	\$ (862,376)	\$ 733,967	\$ 748,071	\$ 619,662
Debt service coverage ratio	N/A	N/A	N/A	N/A

Source: Charter School Records

Single Audit Section

GERALD D. LONGO

CERTIFIED PUBLIC ACCOUNTANT

62 OLD QUEENS BOULEVARD, MANALAPAN, NEW JERSEY 07726-3648
Phone: (732) 446-4768 • Fax: (732) 792-3648 • e-mail: glongcpa@gmail.com

K-1

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

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

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Community Charter School of Paterson (“the Charter School”), in the County of Passaic, State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Charter School’s basic financial statements, and have issued my report thereon, dated October 27, 2017.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Charter School’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School’s internal control. Accordingly, I do not express an opinion on the effectiveness of the Charter School’s internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Gerald D. Longo, CPA

October 27, 2017
Manalapan, New Jersey

GERALD D. LONGO, CPA



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

GERALD D. LONGO

CERTIFIED PUBLIC ACCOUNTANT

62 OLD QUEENS BOULEVARD, MANALAPAN, NEW JERSEY 07726-3648
Phone: (732) 446-4768 • Fax: (732) 792-3648 • e-mail: glongcpa@gmail.com

K-2

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

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

Report on Compliance for Each Major Federal and State Program

I have audited the Community Charter School of Paterson, in the County of Passaic, State of New Jersey's ("the Charter School's") compliance with the types of compliance requirements described in the OMB Compliance Supplements and the *State of New Jersey Department of Treasury Circular 15-08-OMB Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal and state programs for the year ended June 30, 2017. 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

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

My responsibility is to express an opinion on compliance for each of the Charter School's major federal and state programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); New Jersey Department of the Treasury Circular Letter 15-08 OMB *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*.

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

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

Opinion on Each Major Federal and State Program

In my opinion, the Charter School 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 program for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I 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 and 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 The Uniform Guidance and State of New Jersey OMB's Circular Letter 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I 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.

My 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of The Uniform Guidance and State of New Jersey OMB's Circular Letter 15-08 and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*. Accordingly, this report is not suitable for any other purpose.

Gerald D. Longo, CPA

October 27, 2017
Manalapan, New Jersey

GERALD D. LONGO, CPA

A handwritten signature in black ink that reads "Gerald D. Longo". The signature is written in a cursive style with a large initial "G" and "L".

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

COMMUNITY CHARTER SCHOOL OF PATERSON

Schedule of Expenditures of Federal Awards

Year ended June 30, 2017

Federal Grant/ Pass-Through Grantor/ Program Title	Federal C.F.D.A No.	Federal Award Identification Number	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2016	Deferred Revenue at June 30, 2016	Due to Grantor at June 30, 2016	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2017	Deferred Revenue at June 30, 2017	Due to Grantor at June 30, 2017
Special Revenue Fund:															
U.S. Department of Education, Pass Through Programs:															
Passed-Through New Jersey State Department of Education															
Title I Part A - FY 2016-2017	84.010A	S010A160030	7/1/16-6/30/17	\$ 1,020,855	\$ -	\$ -	\$ -	\$ -	\$ 925,900	\$ (975,539)	\$ -	\$ (49,639)	\$ -	\$ -	\$ -
IDEA Part B - FY 2016-2017	84.027	H027A160100	7/1/16-6/30/17	180,826	-	-	-	-	169,202	(180,826)	-	(11,624)	-	-	-
Title II A - FY 2016-2017	84.367	S367A160029	7/1/16-6/30/17	15,795	-	-	-	-	-	(15,795)	-	(15,795)	-	-	-
21st Century Grant - FY 2016-2017	84.287C	S287C160030	9/1/16-8/31/17	500,000	-	-	-	-	-	(462,927)	-	(462,927)	-	-	-
Title I Part A - FY 2015-2016	84.010A	S010A150030	7/1/15-6/30/16	1,149,256	(248,286)	-	-	-	248,286	-	-	-	-	-	-
IDEA Part B - FY 2015-2016	84.027	H027A150100	7/1/15-6/30/16	187,838	(51,053)	-	(1)	-	51,054	-	-	-	-	-	-
Title II A - FY 2015-2016	84.367	S367A150029	7/1/15-6/30/16	22,683	(20,116)	-	-	-	20,116	-	-	-	-	-	-
21st Century Grant - FY 2015-2016	84.287C	S287C150030	9/1/15-8/31/16	499,351	(220,321)	-	(129)	-	305,888	(35,014)	-	-	-	50,424	-
Total Special Revenue					<u>(539,776)</u>	<u>-</u>	<u>-</u>	<u>(130)</u>	<u>-</u>	<u>1,720,446</u>	<u>(1,670,101)</u>	<u>-</u>	<u>(539,985)</u>	<u>-</u>	<u>50,424</u>
Total U.S. Department of Education - Pass-Through Programs					<u>(539,776)</u>	<u>-</u>	<u>-</u>	<u>(130)</u>	<u>-</u>	<u>1,720,446</u>	<u>(1,670,101)</u>	<u>-</u>	<u>(539,985)</u>	<u>-</u>	<u>50,424</u>
Enterprise Fund:															
U.S. Department of Agriculture, Pass-Through Programs:															
Passed-Through New Jersey State Department of Agriculture															
National School Lunch Program	10.555	171NJ304N1099	7/1/16-6/30/17	455,980	-	-	-	-	418,770	(455,980)	-	(37,210)	-	-	-
National School Lunch Program	10.555	16161NJ304N1099	7/1/15-6/30/16	453,140	(89,680)	-	-	-	89,680	-	-	-	-	-	-
National School Breakfast Program	10.553	171NJ304N1099	7/1/16-6/30/17	258,763	-	-	-	-	236,114	(258,763)	-	(22,649)	-	-	-
National School Breakfast Program	10.553	16161NJ304N1099	7/1/15-6/30/16	244,042	(50,699)	-	-	-	50,699	-	-	-	-	-	-
National After School Snacks	10.558	171NJ304N1099	7/1/16-6/30/17	57,728	-	-	-	-	53,378	(57,728)	-	(4,350)	-	-	-
National After School Snacks	10.558	16161NJ304N1099	7/1/15-6/30/16	52,384	(9,695)	-	-	-	9,695	-	-	-	-	-	-
Total Enterprise Fund/Total U.S. Department of Agriculture, Pass-Through Programs					<u>(150,074)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>858,336</u>	<u>(772,471)</u>	<u>-</u>	<u>(64,209)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures of Federal Awards					<u>\$ (689,850)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (130)</u>	<u>\$ -</u>	<u>\$ 2,578,782</u>	<u>\$ (2,442,572)</u>	<u>\$ -</u>	<u>\$ (604,194)</u>	<u>\$ -</u>	<u>\$50,424</u>

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

COMMUNITY CHARTER SCHOOL OF PATERSON

Schedule of Expenditures of State Awards

Year ended June 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2016	Deferred Revenue at June 30, 2016	Due to Grantor at June 30, 2016	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2017	Deferred Revenue at June 30, 2017	Due to Grantor at June 30, 2017
New Jersey State Department of Education														
General Fund:														
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$ 10,512,517	\$ -	\$ -	\$ -	\$ -	\$ -	\$11,266,209	\$ (10,512,517)	-	\$ (646,964)	\$ -	\$ 106,728
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	11,413,129	(61,262)	-	14,751	-	-	61,262	-	(14,751)	-	-	-
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	129,980	-	-	-	-	-	129,980	(129,980)	-	-	-	-
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	409,361	-	-	-	-	-	409,361	(409,361)	-	-	-	-
State Adjustment Aid	17-100-034-5120-085	7/1/16-6/30/17	1,251,000	-	-	-	-	-	1,191,970	(1,251,000)	-	(59,030)	-	-
TPAF/FICA Reimbursements	17-495-034-5095-003	7/1/16-6/30/17	418,728	-	-	-	-	-	332,153	(418,728)	-	(86,575)	-	-
TPAF/FICA Reimbursements	16-495-034-5095-003	7/1/15-6/30/16	404,326	(71,867)	-	-	-	-	71,867	-	-	-	-	-
TPAF Post Retirement Medical Contribution	17-495-034-5094-001	7/1/16-6/30/17	244,556	-	-	-	-	-	244,556	(244,556)	-	-	-	-
TPAF Pension Contribution - Normal & NCGI	17-495-034-5094-002	7/1/16-6/30/17	203,771	-	-	-	-	-	203,771	(203,771)	-	-	-	-
TPAF Long Term Disability Insurance Premium	17-495-034-5094-004	7/1/16-6/30/17	2,200	-	-	-	-	-	2,200	(2,200)	-	-	-	-
Total General Fund/Total State Department of Education				<u>(133,129)</u>	<u>-</u>	<u>14,751</u>	<u>-</u>	<u>-</u>	<u>13,913,329</u>	<u>(13,172,113)</u>	<u>(14,751)</u>	<u>(792,569)</u>	<u>-</u>	<u>106,728</u>
New Jersey State Department of Agriculture - Direct Programs														
Enterprise Fund:														
State School lunch program	17-100-010-3350-023	7/1/16-6/30/17	8,180	-	-	-	-	-	7,512	(8,180)	-	(668)	-	-
State School lunch program	16-100-010-3350-023	7/1/15-6/30/16	8,333	(1,649)	-	-	-	-	1,649	-	-	-	-	-
Total Enterprise Fund/Total State Department of Agriculture - Direct Programs				<u>(1,649)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,161</u>	<u>(8,180)</u>	<u>-</u>	<u>(668)</u>	<u>-</u>	<u>-</u>
Total State Financial Assistance				<u>\$ (134,778)</u>	<u>\$ -</u>	<u>\$ 14,751</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$13,922,490</u>	<u>(13,180,293)</u>	<u>\$ (14,751)</u>	<u>\$ (793,237)</u>	<u>\$ -</u>	<u>\$ 106,728</u>
Less Amounts Not Subject to Single Audit:														
TPAF Post Retirement Medical Contribution										244,556				
TPAF Pension Contribution - Normal & NCGI										203,771				
TPAF Long Term Disability Insurance Premium										2,200				
Total Expenditures of State Financial Assistance Subject to Single Audit										<u>\$ (12,729,766)</u>				

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2017

1. General

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

2. Basis of Accounting

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

3. Relationship to Basic Financial Statements

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

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

**Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2017**

3. Relationship to Basic Financial Statements - *continued*

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 13,172,113	\$ 13,172,113
Special Revenue Fund	1,670,101	-	1,670,101
Enterprise Fund	772,471	8,180	780,651
Total	<u>\$ 2,442,572</u>	<u>\$ 13,180,293</u>	<u>\$ 15,622,865</u>

4. Relationship to Federal and State Financial Reports

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

5. Other

TPAF Social Security contribution in the amount of \$418,728 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2017. The amount reported as TPAF pension representing on-behalf employer's portion of the Pension System Contributions, Post-Retirement Medical Benefits Contributions and Long Term Disability Insurance Premium Contributions in the amount of \$450,527 represents the amount paid by the State on behalf of the Charter School for the fiscal year ended June 30, 2017.

6. On-Behalf Programs not Subject to State Single Audit

On-behalf state programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a state single audit and therefore are excluded from major program determination. The schedule of expenditures of state financial assistance provides a reconciliation of state financial assistance reported in the charter school's basic financial statements and the amount subject to state single audit and major program determination.

7. De Minimis Indirect Cost

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

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Part I Summary of Auditors' Results

Financial Statements Section

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

Material weaknesses identified? _____ Yes No

Significant deficiencies identified? _____ Yes None reported

Noncompliance material to basic financial statements noted? _____ Yes No

Federal Awards Section

Internal control over major programs:

Material weaknesses identified? _____ Yes No

Significant deficiencies identified? _____ Yes None reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I, Part A
10.555	National School Lunch Program

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

Auditee qualifies as low-risk auditee? Yes _____ No

COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Part I Summary of Auditors' Results

State Financial Assistance Section

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

Auditee qualifies as low-risk auditee? Yes No

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

Internal control over major programs:

Material weaknesses identified? Yes No

Significant deficiencies identified? Yes None reported

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

Identification of Major Programs:

<u>State Grant/Program Number(s)</u>	<u>Name of State Program or Cluster</u>
17-495-034-5120-078	Equalization Aid
17-495-034-5120-089	Special Education Aid
17-495-034-5120-084	Security Aid
17-495-034-5120-085	State Adjustment Aid

**COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**

Part III – Schedule of Federal Awards and State Financial Assistance

None.

**COMMUNITY CHARTER SCHOOL OF PATERSON
(County of Passaic)
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2017**

There were no prior year's audit findings.

COMMUNITY CHARTER SCHOOL OF PATERSON

Schedule of Expenditures of Local Financial Assistance

Year ended June 30, 2017

<u>Local Grantor/Program Title</u>	<u>Grant or Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>(Accounts Receivable) at June 30, 2016</u>	<u>Deferred Revenue at June 30, 2016</u>	<u>Due to Grantor at June 30, 2016</u>	<u>Adjustments</u>	<u>Carryover (Walkover) Amount</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Repayment of Prior Years' Balances</u>	<u>(Accounts Receivable) at June 30, 2017</u>	<u>Deferred Revenue at June 30, 2017</u>	<u>Due to Grantor at June 30, 2017</u>
Taub Foundation	Not Available	Not Available	\$ 45,000	\$ -	\$ 6,965	\$ -	\$ 6,625	\$ -	\$ 15,000	\$ (16,815)	\$ -	\$ -	\$ 11,775	\$ -
Total Expenditures of Local Financial Assistance				<u>\$ -</u>	<u>\$ 6,965</u>	<u>\$ -</u>	<u>\$ 6,625</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ (16,815)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,775</u>	<u>\$ -</u>