

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
ROSEVILLE COMMUNITY CHARTER SCHOOL
NEW JERSEY
FOR THE FISCAL PERIOD ENDED JUNE 30, 2012**

ROSEVILLE COMMUNITY CHARTER SCHOOL
JUNE 30, 2012
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Roseville Community Charter School

Marshaé Newkirk, School Director

Karyn Wright-Moore, Board of Trustees President

Collaboration | **H**onesty | **E**xcellence | **E**ffort | **R**espect

Preparing every student for academic excellence in high school, college, and beyond.

November 10, 2012

Commissioner
New Jersey Department of Education
100 Riverview Executive Plaza
CN 500
Trenton, NJ 08625

Dear Commissioner:

The Comprehensive Annual Financial Report of the Roseville Community Charter School for the fiscal period ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the school. To the best of our knowledge and belief, the data presented in this report are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the school. All disclosures necessary to enable the reader to gain an understanding of the school's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter and list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report. The statistical section includes audited data from the school's first fiscal period. The school is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U. S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations," and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws and regulations and findings and recommendations is included in the single audit section of this report.

- 1) **REPORTING ENTITY AND ITS SERVICES** The Roseville Community Charter School constitutes an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds and account groups of the entity are included in this report.

Roseville Community Charter School (RCCS) was chartered by The New Jersey Department of Education in July 2011. In August 2011, the school successfully opened its doors to 112 students: 88 kindergartners and 24 first graders, in accordance with its charter. The school rents space at 540 Orange Street in Newark, formerly the St. Rose of Lima School.

- 2) **ENROLLMENT OUTLOOK:** Roseville Community Charter School began the 2011-2012 school year with 106 students (based on October 15th count) in grades K-1 and ended the year with 107. The student retention rate was 91.6%. The anticipated enrollment for the 2012-2013 school year was 189 students in K-2. Currently, we have 192 students enrolled for the 2012-2013 school year with 26 students on the waiting list. Based on our charter, we have the capacity to serve 198 in the 2012-2013 school year.
- 3) **MAJOR ACCOMPLISHMENTS** – Roseville Community Charter School is a small, public elementary school located in Newark, New Jersey. The school was founded in collaboration with the Newark Charter School Fund and New Community Corporation in order to provide an option for an excellent education in the Roseville community of Newark. The school’s mission is to prepare every student for academic excellence in high school, college, and beyond. The school’s focus on college preparation is embodied in its intense focus on literacy in the primary grades. Further, the school has established high expectations within a nurturing and supportive environment. To support student achievement at high levels, the school has a two-adult model in each classroom which yields an 11:1 student-teacher ratio. Through small group, one-on-one, and whole class instruction, the school provides increased support to all students.

During its first year of operation, 66% of scholars made at least one year’s growth in reading achievement. We attribute this growth to the extended structure of the literacy block, specifically, the guided reading (small group) portion. Additionally, NJ PASS data reflects significant growth in reading performance with 77% of first grade scholars scoring in the proficient or advanced range. We are proud of this staggering growth, as 40% of first graders did not demonstrate the pre-requisite skills required for first grade and were considered pre-readers when they entered the school.

During the 2011-2012 school year, the school’s demographics were as follows: 67% African-American, 28% Hispanic, 3% other, and 4% White. The majority of our students come to us from low-income households; approximately 89% of our students were eligible for the National School Lunch Program.

Roseville Community Charter School has achieved an environment that fosters high student achievement. The school was able to establish an environment that promotes learning through a variety of approaches including ongoing professional development, celebrating student progress, regular communications with families, and a focus on building a positive school culture. In addition, the school placed great emphasis on reinforcing our core values on a daily basis.

- 4) **INTERNAL ACCOUNTING CONTROLS:** Management of the Charter School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the school are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognized that: (1) the cost of a control

should not exceed the benefits like to be derived: and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

- 5) **BUDGETARY CONTROLS:** In addition to internal accounting controls, the school maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the school and the State of New Jersey. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal period 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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balances at June 30, 2012.

- 6) **ACCOUNTING SYSTEM AND REPORTS:** The Charter Schools’ accounting records reflect generally accepted accounting principles, as promulgated by the Government Accounting Standards Board (GASB). The accounting system of the school is organized on the basis of funds and account groups. These funds and account groups are explained in “Notes to the Financial Statements,” Note 1.

- 7) **FINANCIAL INFORMATION AT FISCAL PERIOD–END:** As demonstrated by the various statements and schedules included in the financial section of report, the school continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund and special revenue fund for the fiscal period ended June 30, 2012.

Revenue	Amount	Percent of Total
Local	187,283	9%
State	1,383,650	70%
Special Revenue	336,894	17%
Misc.	244	1%
Enterprise Fund	<u>74,302</u>	<u>2%</u>
Total	<u>\$1,982,373</u>	<u>100%</u>

The following schedule presents a summary of the general fund, special revenue fund and debt service fund expenditures for the fiscal period ended June 30, 2012.

Expenditures	Amount	Percent of Total
Current - General Fund	1,299,159	76%
Capital Outlay	5,168	1%
Special Revenue	336,894	20%
Enterprise Fund	<u>74,302</u>	<u>3%</u>
Total	<u>\$1,715,523</u>	<u>100%</u>

- 8) **CASH MANAGEMENT:** The investment policy of the school is guided in large by the state Statute as detailed in “Notes to the Financial Statements,” Note 2. The school had adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with failed banking institutions in New Jersey. The law requires governmental units to deposit funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
- 9) **RISK MANAGEMENT:** The school carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, and hazard and theft insurance on property and Contents.
- 10) **OTHER INFORMATION:**

Independent Audit – State statutes require an annual audit by an independent Certified Public Accountant or Registered Municipal Accountant. The Accounting firm of Scott J. Loeffler, CPA was selected by the Charter School. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor’s report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors’ reports related specifically to the single audit are included in the single audit section of this report.

Respectfully submitted,



Marshae Newkirk
School Director

ROSEVILLE COMMUNITY CHARTER SCHOOL

**ROSTER OF TRUSTEES
JUNE 30, 2012**

<u>BOARD OF TRUSTEES</u>	<u>TERM EXPIRES</u>
Karyn Wright-Moore, Trustee, Voting	7/2011 - 7/2013
Lillian Plata, Trustee, Voting	12/2011 - 12/2013
Christopher Bennett, Trustee, Voting	7/2011 - 7/2013
Sara Plata, Trustee, Voting	3/2012 - 3/2014

CONSULTANTS AND ADVISORS

June 30, 2012

AUDIT FIRM

Scott J. Loeffler, CPA
7 Cleveland Street
Caldwell, NJ 07006

ATTORNEYS

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OFFICIAL DEPOSITORY

PNC Bank
Newark, NJ

FINANCIAL SECTION

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**UNQUALIFIED OPINION ON BASIC FINANCIAL
STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION
AND SUPPLEMENTARY SCHEDULE OF
FEDERAL AND STATE AWARDS AND OTHER SUPPLEMENTARY INFORMATION -
GOVERNMENT ENTITY**

Independent Auditor's Report

The Honorable Chairman and
Members of the Board of Trustees
Roseville Community Charter School
County of Essex
Newark, New Jersey

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Trustees of the Roseville Community Charter School, County of Essex, State of New Jersey, as of June 30, 2012 and for the fiscal period commencing January 1, 2011 and ended June 30, 2012, which collectively comprise the charter schools' basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Board of Trustee's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards; 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 Division of Administration and 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Roseville Community Charter School, Board of Trustees, in the County of Essex, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable thereof, for the fiscal period then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 10, 2012 on my consideration of the Roseville Community Charter School, in the County of Essex, State of New Jersey, Board of Trustee's internal control over financial reporting and 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Roseville Community Charter School's Board of Trustees' basic financial statements. The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the accompanying schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the financial statements as a whole. The accompanying other information, such as the introductory and statistical sections, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has 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 it.

Licensed Public School Accountant No. 870



Scott J. Loeffler, CPA
November 10, 2012

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

ROSEVILLE COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Period Ended June 30, 2012
(Unaudited)

This section of Roseville Community Charter School annual financial report presents its discussion and analysis of the Board's financial performance during the fiscal period that ended on June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the Board's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

This was an initial year of operations. Key financial highlights for the 2011-12 fiscal period include the following:

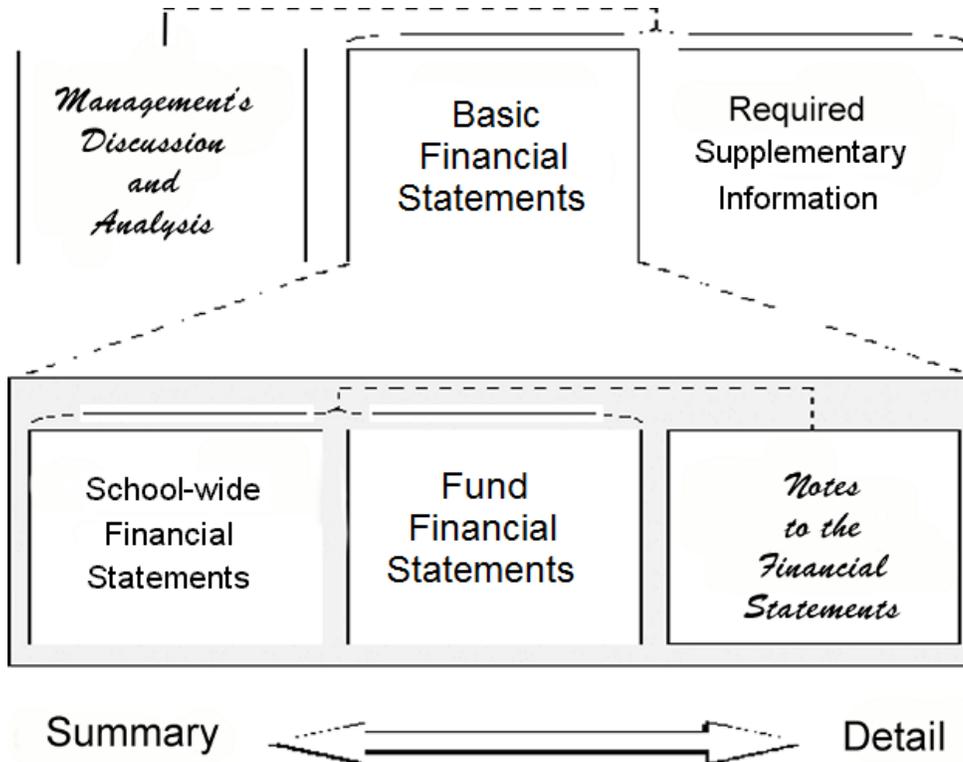
- Net assets were \$316,729.
- The unrestricted General Fund balance at June 30, 2012 is \$266,850.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information that includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Roseville Community Charter School.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Period Ended June 30, 2012
(Unaudited)

Figure A-1. Required Components of the Board's Annual Financial Report



- The first two statements are school-wide financial statements that provide both short-term and long-term information about the Roseville Community Charter School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Roseville Community Charter School, reporting the Roseville Community Charter School's operation in more detail than the school-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the Food Service activities the Roseville Community Charter School operates like businesses.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Management’s Discussion and Analysis
For the Fiscal Period Ended June 30, 2012
(Unaudited)

The financial statements also include notes that explain some of the information in the statements and provide data that are more detailed. Figure A-1 summarizes the major features of the Roseville Community Charter School’s financial statements, including the portion of the Roseville Community Charter School’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 - Major Features of the School-wide and Financial Statements

	<u>School-wide Statements</u>	<u>Fund Financial Statements</u>	
		Governmental Funds	Proprietary Funds
Scope	Entire school (except fiduciary funds)	The activities of the Roseville Community Charter School that are for the school operations and not proprietary or fiduciary, such as teachers' salaries, special education and building maintenance, food service, and community education	Activities the Roseville Community Charter School operates similar to private businesses: Internal service fund
Required financial statements	Statement of net assets	Balance sheet	Statement of net assets
	Statement of activities	Statement of revenue expenditures and changes in fund balances	Statement of revenue, expenses, and changes in fund net assets
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Statement of cash flows Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

ROSEVILLE COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Period Ended June 30, 2012
(Unaudited)

School-wide Statements

The school-wide statements report information about the Roseville Community Charter School as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Roseville Community Charter School's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two school-wide statements report the Roseville Community Charter School's net assets and how they have changed. Net assets – the difference between the Roseville Community Charter School's assets and liabilities – are one way to measure the Roseville Community Charter School's financial health or position.

In the school-wide financial statements, the Roseville Community Charter School's activities are shown in two categories:

- *Governmental activities*- Most of the Roseville Community Charter School's basic services are included here, such as regular and special education, transportation, administration, food services, and community education. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The Roseville Community Charter School's Food Service Fund and the after school program are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Roseville Community Charter School's funds – focusing on its most significant or “major” funds – not the Roseville Community Charter School as a whole.

Funds are accounting devices the Roseville Community Charter School uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Period Ended June 30, 2012
(Unaudited)

The Roseville Community Charter School use other funds, established in accordance with the State of New Jersey Uniform Chart, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is property using certain revenues (e.g., federal funds).

The Roseville Community Charter School has three kinds of funds:

- **Governmental funds-** Most of the Roseville Community Charter School's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Roseville Community Charter School's programs. Because this information does not encompass the additional long-term focus of the school-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- **Proprietary funds-** Services for which the Roseville Community Charter School charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the school-wide statements.
- **Fiduciary funds-** The Roseville Community Charter School is the trustee, or *fiduciary*, for assets that belong to others such as scholarship fund, payroll and payroll agency funds, and student activity funds. The Roseville Community Charter School is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Roseville Community Charter School's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. I exclude these activities from the Roseville Community Charter School's government-wide financial statements because the Roseville Community Charter School cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE ROSEVILLE COMMUNITY CHARTER SCHOOL AS A WHOLE

Net assets. The Roseville Community Charter School's net assets are \$316,729 as of June 30, 2012. (See Table A-1).

Governmental	<u>\$316,729</u>
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The Statement of Net Assets of \$49,879 reflects total capital assets at June 30, 2012 net of assumed depreciation from inception.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Period Ended June 30, 2012
(Unaudited)

The Roseville Community Charter School's financial position is the product of these factors:

- Special Revenues for Private Grant Activities were \$336,894.
- General Fund Revenues were \$1,571,177.
- General Fund Expenditures were \$1,304,327.

Table A-1
ROSEVILLE COMMUNITY CHARTER SCHOOL
Statement of Net Assets
As of June 30, 2012 (Inception Year)

	<u>Total</u>
Current and Other Assets	425,741
Capital Assets (Including Business Activities)	49,879
Total Assets	<u>\$475,620</u>
Long-Term Liabilities	
Other Liabilities	158,891
Total Liabilities	<u>\$158,891</u>
Net Assets:	
Invested In Capital Assets, Net of Related Debt	49,879
Restricted	0
Unrestricted	266,850
Total Net Assets	<u><u>\$316,729</u></u>

Total Governmental and Business Activities revenues & beginning assets are adjusted by net adjusted expenditures resulting in a calculation of net assets of \$316,729 as of June 30, 2012.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Period Ended June 30, 2012
(Unaudited)

Table A-2
ROSEVILLE COMMUNITY CHARTER SCHOOL
Changes in Net Assets - School Wide
For the Fiscal Period Ended June 30, 2012 (Inception Year)

Revenues	Total
Program revenues	
Charges for services	3,152
Operating grants and contributions	
General revenues	
Local Share	187,283
Federal and State Aid-Unrestricted	1,259,240
Federal and State Aid-Restricted	124,410
Other	337,138
Enterprise Fund	71,150
Increase in Capital Outlay	49,879
Total revenues	<u>\$ 2,032,252</u>
Expenses	
Regular Instruction	923,167
General Administrative	413,991
School Administrative	251,576
On-behalf TPAF Social Security	47,319
Capital Outlay	5,168
Enterprise Fund	74,302
Total expenses	<u>\$ 1,715,523</u>
(Increase) in net assets	316,729
Net Assets, Beginning January 1	-
Net Assets, End of Year June 30	<u><u>\$ 316,729</u></u>

Changes in Net Assets. The Roseville Community Charter School's total revenues were \$1,982,373. Local shares of \$187,527 represented 40% of revenues. The state and federal aid of \$1,383,650 represented 44% of revenues, enterprise revenue \$74,302 represented 11% of revenue. "Other Revenue" reflects private grants of \$336,894 which represents 5% of revenue.

The Roseville Community Charter School's expenditures of \$1,715,523 are predominantly related to instruction and support services and enterprise funds revenues. Instruction expenditures totaled \$923,167 (54%) of total expenditures. Support services and capital outlay, \$718,054 (42%) of total expenditures) and enterprise activities \$74,302 (4%) of expenditures. (See Figure A-2)

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Period Ended June 30, 2012
(Unaudited)**

Table A-3 (See Exhibit A-2)
ROSEVILLE COMMUNITY CHARTER SCHOOL
Changes in Net Assets - School Wide
For the Fiscal Period Ended June 30, 2012 (Inception Year)

<u>Functions/Programs</u>	<u>Source</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Governmental Activities			
Instruction			
Regular	B-2	923,167	923,167
Support Services			
General Administrative Services	B-2	413,991	413,991
School Administrative Services	B-2	251,576	251,576
On-behalf TPAF Social Security	B-2	47,319	47,319
Capital Outlay	B-2	5,168	5,168
Enterprise Fund	G-2	74,302	74,302
Total Governmental Activities		\$ 1,715,523	\$ 1,715,523

FINANCIAL ANALYSIS OF THE ROSEVILLE COMMUNITY CHARTER SCHOOL FUNDS

The financial performance of the Roseville Community Charter School as a whole is reflected in its governmental activities Exhibit A-2. As the Roseville Community Charter School completed the year, its general funds reported a combined fund balance of \$266,850.

Revenues for the Roseville Community Charter School's governmental funds were \$1,982,373 while total expenses were \$1,715,523. (Table A-4) (Exhibit B-2)

GENERAL FUND

The General Fund includes the primary operations of the Roseville Community Charter School in providing educational services to students from grade K through grade 2.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Period Ended June 30, 2012
(Unaudited)

The following schedule presents a summary of Government Revenues.

Table A-4 (See Exhibit B-2)
ROSEVILLE COMMUNITY CHARTER SCHOOL
Changes in Net Assets - School Wide
For the Fiscal Period Ended June 30, 2012 (Inception Year)

<u>General Fund Revenues</u>	<u>Inception Year</u>
Local Sources:	
Local Share	187,283
Other Local Revenue	357,708
Total Local Sources	<u>\$ 544,991</u>
Intergovernmental	
State Sources	1,384,299
Federal Sources	53,083
Total Intergovernmental Sources	<u>\$ 1,437,382</u>
Total Revenue	<u><u>\$ 1,982,373</u></u>

The following schedule presents a summary of Governmental expenditures.

Table A-5 (See Exhibit B-2)
ROSEVILLE COMMUNITY CHARTER SCHOOL
Changes in Net Assets - School Wide
For the Fiscal Period Ended June 30, 2012 (Inception Year)

<u>General Fund Revenues</u>	<u>Inception Year</u>
Current:	
Regular Instruction	923,167
General Administrative Services	413,991
School Administration	251,576
On-behalf TPAF Social Security	47,319
Capital outlay	5,168
Food Service	74,302
Total Expenditures	<u><u>\$ 1,715,523</u></u>

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Period Ended June 30, 2012
(Unaudited)**

UNRESERVED-UNDESIGNATED FUND BALANCE AS A PERCENTAGE OF EXPENDITURES

The following table shows the General Fund unreserved-undesignated fund balance.

**Table A-6
ROSEVILLE COMMUNITY CHARTER SCHOOL
Changes in Net Assets - School Wide
For the Fiscal Period Ended June 30, 2012 (Inception Year)**

General Fund	<u>2012</u>
Unreserved-Undesignated	
Fund Balance	266,850
Expenditures	1,715,523
Percentages	16%

The Roseville Community Charter School values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during school year. The amount of fund balance designed to support the subsequent years budgets \$266,850 for the 2012-13 school year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2012, in the General Fund, the Roseville Community Charter School had invested \$52,504 in a broad range of capital assets, including building improvements, computer and audio-visual equipment, and administrative offices, etc. (More detailed information about capital assets can be found in Note 4 to the financial statements) and Total General Fund depreciation expenses for the year was \$2,625.

**Table A-7
ROSEVILLE COMMUNITY CHARTER SCHOOL
Changes in Net Assets - School Wide
For the Fiscal Period Ended June 30, 2012 (Inception Year)**

Equipment	52,504
Total - General Fund	<u>\$52,504</u>
Less: Accumulated Depreciation	(2,625)
Total - Net Capital Assets General Fund	<u><u>\$49,879</u></u>

ROSEVILLE COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Period Ended June 30, 2012
(Unaudited)

FACTORS BEARING ON THE SCHOOL'S FUTURE

At the time these financial statements were prepared and audited, the Roseville Community Charter School was aware of these existing circumstances that could significantly affect its financial health in the future:

- The State of New Jersey passed legislation which imposes a 2% cap on the underlying school District's tax levy.
- Future State Aid may be reduced due to the State's new criteria utilized in calculating allocations of State Aid.

CONTACTING THE ROSEVILLE COMMUNITY CHARTER SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Roseville Community Charter School's finances and to demonstrate the Roseville Community Charter School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Roseville Community Charter School, 540 Orange Street, Newark, New Jersey 07107.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the Roseville Community Charter School's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2012.

SCHOOL-WIDE FINANCIAL STATEMENTS

ROSEVILLE COMMUNITY CHARTER SCHOOL
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 401,235	\$ (15,232)	\$ 386,003
Investments			
Receivables, net	24,506	15,232	39,738
Security Deposit	-		-
Restricted assets:			
Cash and cash equivalents			
Capital reserve account - cash			
Capital assets, net (Note 2):	49,879	-	49,879
Total Assets	<u>475,620</u>	<u>-</u>	<u>475,620</u>
LIABILITIES			
Cash Overdraft			
Accounts payable	20,566	-	20,566
Deposits payable	-		
Payable to school districts	32,819		32,819
Payable to federal government	-		
Payable to state government			
Deferred revenue			
Noncurrent liabilities	105,506		105,506
Due within one year			
Due beyond one year			
Total liabilities	<u>158,891</u>	<u>-</u>	<u>158,891</u>
NET ASSETS			
Invested in capital assets, net of related debt	49,879	-	49,879
Restricted for:			
Debt service			
Capital reserve	-		-
Reserve for NCLB repayment	-		-
Unrestricted	266,850	0	266,850
Total net assets	<u>\$ 316,729</u>	<u>\$ -</u>	<u>\$ 316,729</u>

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

ROSEVILLE COMMUNITY CHARTER SCHOOL
Statement of Activities
For the Fiscal Period Ended June 30, 2012

Exhibit A-2

Functions/Programs	Expenses	Program Revenues		Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities:						
Instruction:						
Regular	\$ (923,167)		\$ (336,894)		\$ (586,273)	\$ (586,273)
Support services:						
General administration	\$ (413,991)		-		\$ (413,991)	\$ (413,991)
School administrative services/ operations plant serv.	(251,576)				(251,576)	(251,576)
On - behalf TPAF Social Security	(47,319)				(47,319)	(47,319)
Capital Outlay	(5,168)				(5,168)	(5,168)
Total governmental activities	(1,641,221)		(336,894)		(1,304,327)	(1,304,327)
Business-type activities:						
Food Service and After School Program		(74,302)			(74,302)	(74,302)
Total business-type activities		(74,302)			(74,302)	(74,302)
Total primary government	(\$1,641,221)	\$ (74,302)	\$ (336,894)		\$ (1,304,327)	\$ (1,378,629)
General revenues:						
Local Share				187,283		187,283
State Share				1,259,240		1,259,240
State and Federal Aid				124,410	53,732	178,142
Miscellaneous Income				244	3,152	3,396
Newark Charter School Fund Subsidy					17,418	17,418
Increase in net Capital Outlay				49,879		49,879
Total general revenues, special items, extraordinary				1,621,056	74,302	1,695,358
Change in Net Assets				316,729	0	316,729
Net Assets - January 1, 2011				0	0	0
Net Assets - June 30, 2012				\$ 316,729	\$ -	\$ 316,729

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

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

ROSEVILLE COMMUNITY CHARTER SCHOOL
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 295,729	\$ 105,506	\$ -		\$ 401,235
Investments					
Receivables, net	24,506	-	-		24,506
Security Deposit	-				-
Restricted cash and cash equivalents					
Total assets	\$ 320,235	\$ 105,506	\$ -		\$ 425,741
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash Overdraft					
Accounts payable	20,566	-	-		20,566
Payable to federal government		-			0
Payable to School Districts	32,819				32,819
Payable to state government	-				0
Deferred revenue		105,506			105,506
Total liabilities	53,385	105,506	-		158,891
Fund Balances:					
Reserved for:					
Encumbrances					
Legally restricted -- unexpended additional spending proposal					
Legally restricted -- designated for subsequent year's expenditures					
Capital reserve	-				
Excess surplus	-				
Excess surplus -- designated for Subsequent year's expenditures					
Reserve for NCLB Repayment	-				
Unreserved, reported in:					
General fund	266,850		-		266,850
Capital projects fund					
Permanent fund					
Total Fund balances	266,850	-	-		266,850
Total liabilities and fund balances	\$ 320,235	-	-		-

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is	52,504	
and the accumulated depreciation	(2,625)	
		49,879

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 3)

Net assets of governmental activities	\$ 316,729
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The accompanying Notes to the Basic Financial Statements are an integral part of this document.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Fiscal Period Ended June 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Local share	\$ 187,283				\$ 187,283
State Share	1,259,240				1,259,240
Other Restricted Miscellaneous Revenues					
Miscellaneous	244	336,894			337,138
Total - Local Sources	1,446,767				47
State sources	124,410	-			124,410
Federal sources		-			-
Total revenues	1,571,177	336,894			124,457
EXPENDITURES					
Current:					
Regular instruction	\$ 586,273	\$ 336,894			\$ 923,167
Support services- General Administrative	413,991	-			413,991
Support Services- School Admin/ operations plant se	251,576				251,576
On-behalf TPAF Social Security	47,319				47,319
Capital outlay	5,168				5,168
Total expenditures	1,304,327	336,894			1,641,221
Excess (Deficiency) of revenues over expenditures	266,850				(1,516,764)
OTHER FINANCING SOURCES (USES)					
Transfers in	-				-
Transfers out	-				-
Total other financing sources and uses	*				-
Net change in fund balances	266,850				266,850
Fund balance - January 1, 2011	-				-
Fund balance - June 30, 2012	\$ 266,850				\$ 266,850

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

**ROSEVILLE COMMUNITY CHARTER SCHOOL
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Period Ended June 30, 2012**

Total net change in fund balances - governmental funds (from B-2) \$ 266,850

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 in the period.

Depreciation expense	\$	(2,625)	
Capital outlays		<u>52,504</u>	
	\$		49,879

Change in net assets of governmental activities \$ 316,729

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

PROPRIETARY FUNDS

ROSEVILLE COMMUNITY CHARTER SCHOOL
Statement of Net Assets
Proprietary Funds
June 30, 2012

		Business-type Activities Enterprise funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$	-
Investments		
Accounts receivable		14,998
Other receivables		234
Inventories		
Total current assets		15,232
Noncurrent assets:		
Restricted cash and cash equivalents		
Furniture, machinery & equipment		
Less accumulated depreciation		
Total noncurrent assets		
Total assets		
LIABILITIES		
Current liabilities:		
Cash overdraft		(15,232)
Accounts payable		-
Total current liabilities		(15,232)
Total liabilities		(15,232)
NET ASSETS		
Invested in capital assets net of related debt		
Restricted for:		
Capital projects		
Unrestricted		-
Total net assets	\$	-

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

ROSEVILLE COMMUNITY CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Period Ended June 30, 2012

	Business-type Activities
Operating revenues:	
Charges for services:	
Daily sales - Reimbursable programs and Special Lunch Program	\$ 3,152
Total operating revenues	3,152
Operating expenses:	
Cost of sales	
Salaries and Benefits	-
Supplies, Materials and Other Expenses	(74,302)
Total Operating Expenses	(74,302)
Operating income (loss)	(71,150)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	649
Federal sources:	
National school breakfast program	16,267
National school lunch program	36,816
Newark Charter School Fund Subsidy	17,418
Total nonoperating revenues (expenses)	71,150
Income (loss) before contributions & transfers	-
Capital contributions	-
Transfers in (out)	
Change in net assets	-
Total net assets—beginning	0
Total net assets—ending	\$ -

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

ROSEVILLE COMMUNITY CHARTER SCHOOL
Statement of Cash Flows
Proprietary Funds
For the Fiscal Period Ended June 30, 2012

Exhibit B-6

Business-type
Activities
Enterprise Funds

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Participants	\$ 3,152
Payments to employees and benefits	
Payments to suppliers	(74,302)
Net cash provided by (used for) operating activities	(71,150)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State and Federal Sources	38,500
Operating subsidies and transfers to other funds	17,418
Net cash provided by (used for) non-capital financing activities	55,918

CASH FLOWS FROM INVESTING ACTIVITIES

Increase In Fixed Assets	
Proceeds from sale/maturities of investments	
Net cash provided by (used for) investing activities	
Net increase (decrease) in cash and cash equivalents	(15,232)
Cash Balances—beginning of year	0
Cash Balances—end of year	\$ (15,232)

Reconciliation of operating income (loss) to net cash provided

(used) by operating activities:	
Operating income (loss)	0
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation and net amortization	0
(Increase) decrease in accounts receivable, net	(15,232)
(Increase) decrease in inventories	
(Increase) decrease in USDA Communities	
Increase (decrease) in accounts payable	-
Increase (decrease) in accrued compensated absences	
Total adjustments	(15,232)
Net cash provided by (used for) operating activities	\$ (15,232)

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

FIDUCIARY FUNDS

Exhibit B-7

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012**

NOT APPLICABLE

Exhibit B-8

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Period Ended June 30, 2012**

NOT APPLICABLE

NOTES TO THE BASIC FINANCIAL STATEMENTS

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Period Ended June 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Roseville Community Charter School been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Roseville Community Charter School's accounting policies are described below.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity:

The Roseville Community Charter School is an instrumentality of the State of New Jersey, established to function as an education institution. The Roseville Community Charter School Board of Trustees is responsible for the fiscal control of the Roseville Community Charter School. An Executive Director is appointed by the Roseville Community Charter School and is responsible for the administrative control of the Roseville Community Charter School. Under existing statutes, the Roseville Community Charter School's duties and powers include, but are 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.

The Roseville Community Charter School 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.

The accompanying financial statements present the government and its component units, entities for which the school is considered to be financially accountable. The Roseville Community Charter School has no blended or discretely presented component units. Furthermore, the Roseville Community Charter School is not includable in any other reporting entity as a component unit.

The audit covers the fiscal period from approval date through June 30, 2012 (the "Fiscal Period").

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Period Ended June 30, 2012

B. Government-wide and Fund Financial Statements:

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *miscellaneous revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation:

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. All assets and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Period Ended June 30, 2012

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation:
(continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this measurement focus and basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available).

Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Roseville Community Charter School considers revenues to be available if they are collected within 90 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures, which are recorded when payment is due and compensated absences and claims and judgments which are recorded only to the extent that there are expendable financial resources available.

Other items associated with the current fiscal period are all considered to susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Roseville Community Charter School.

The Roseville Community Charter School reports the following major governmental funds:

The *general fund* is the Roseville Community Charter School's primary operating fund. It accounts for all financial resources of the Roseville Community Charter School, except those required to be accounted for in another fund.

The Roseville Community Charter School reports the following major proprietary fund which are organized to be self-supporting through user charges:

The *enterprise fund* accounts for the activities of the school cafeteria, which provides food service to students and the after school program which services the children at the Roseville Community School for after school activities.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Period Ended June 30, 2012

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation:
(continued)

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for private donations for scholarships. All resources of the fund, including any earnings on invested resources, may be used to support the intended purposes. There is no requirement that any portion of these resources be preserved as capital.

Private-sector standards of accounting and financial reporting issued by the Financial Accounting Standards Board (FASB) prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Roseville Community Charter School has elected not to follow FASB guidance issued subsequent to December 1, 1989.

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

Amounts reported as *program revenues* in the Roseville Community Charter School -wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund includes the cost of sales and services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Period Ended June 30, 2012

D. Assets, Liabilities and Net Assets or Equity:

1. *Deposits and Investments*

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal period are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

3. *Inventories and Prepaid Items*

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as deferred revenue.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Accrued Liabilities and Payables

All payables and accrued liabilities, are reported on the school-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.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the school or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The school's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Period Ended June 30, 2012

D. Assets, Liabilities and Net Assets or Equity: (continued)

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business type activities columns in the government-wide financial statements. Capital assets are defined by the Roseville Community Charter School as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchase or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method.

5. *Fund Reserve Restrictions, Commitments and Assignments*

The Charter School implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the current fiscal period. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classification that can be more consistently applied by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the Charter School's highest level of decision-making authority.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Period Ended June 30, 2012

D. Assets, Liabilities and Net Assets or Equity: (continued)

Fund Reserves Restrictions, Commitments and Assignments (continued)

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Charter School has no funds restricted at June 30, 2012.

Unassigned fund balance is the residual classification for the Charter School's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

The Board of Trustees has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the members of the Board of Trustees at a public meeting of that governing body. The Board of Trustees must also utilize a formal motion or a resolution passed by a majority of the members of the Board of Trustees at a public meeting of that governing body in order to remove or change the commitment of resources. The Charter School has no committed resources at June 30, 2012.

The assignment of resources is generally made by the Board of Trustees through a motion or a resolution passed by a majority of the members of the Board of Trustees. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Trustees may allow an official of the Charter School to assign resources through policies adopted by the Board of Trustees. The Charter School has no assigned resources at June 30, 2012.

Reserve for Encumbrances - This reserve is created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts awarded for which the goods or services have not yet been received at June 30. There were no reserve for encumbrances at June 30, 2012.

Reserve for Capital Reserve Account - This reserve is created by budget appropriation to fund future capital expenditures.

Reserve for Legally Restricted - Designated for Subsequent Year's Expenditures
This reserve is created to represent the portion of fund balance at June 30, 2012 restricted and utilized in the adopted subsequent year's budget. At June 30, 2012 there were no reserves.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Period Ended June 30, 2012

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

No difference noted.

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information:

In accordance with the requirements of the New Jersey Department of Education, the Roseville Community Charter School annually prepares its operating budget for the forthcoming year. The budget, except for the special revenue fund, which is more fully explained below, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The budget is submitted to the county superintendent and is voted upon by the Board of Trustees. Budget adoptions and amendments are recorded in the Roseville Community Charter School minutes.

The budget is properly amended by the Roseville Community Charter School trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount.

The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. The school approved several budget transfers during 2011/2012.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Period Ended June 30, 2012

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

A. Budgetary Information: (continued)

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 accounting principles generally accepted in the United States of America, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal period 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 recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The following presents a reconciliation of the special revenue fund from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.

	<u>Revenues</u>	<u>Expenditures</u>	<u>Operating In</u>	<u>Transfers Out</u>
Budgetary Basis	\$336,894	\$336,894	-	-
Adjustments:				
Add encumbrances at January 1, 2011	-	-	-	-
Less encumbrances at June 30, 2012	-	-	-	-
GAAP Basis	<u>\$336,894</u>	<u>\$336,894</u>	-	-

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Period Ended June 30, 2012

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

A. Budgetary Information: (continued)

Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal period end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

B. Capital Reserve Account:

Funds placed in the capital reserve account are restricted to capital projects in the Roseville Community Charter School's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR).

NOTE 4. DETAILED NOTES ON ALL FUNDS

A. Cash and Cash Equivalents

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking Institution that is a member of the Federal Reserve System, and has capital funds of not less than \$25,000,000.00. Under (GUDPA), 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 the deposits to the governmental unit.

As of June 30, 2012, Roseville Community Charter School cash and cash equivalents consisted of the following:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Enterprise Fund</u>	<u>Total</u>
Operating Account	\$295,729	\$105,506	(\$15,232)	\$386,003

Category 1 - Insured or collateralized with securities held by the School or its agent in the School's name.

Category 2 - Collateralized with securities held by the pledging financial institutions trust department or agent in the School's name.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Period Ended June 30, 2012

NOTE 4. DETAILED NOTES ON ALL FUNDS (continued)

A. Cash and Cash Equivalents (continued)

Deposits (continued)

Category 3 - Uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the Roseville Community Charter School's name.

	<u>1</u>	<u>Category</u> <u>2</u>	<u>3</u>	<u>Bank</u> <u>Balance</u>
Deposits	\$386,003	\$ 0	\$ 0	\$386,003

The Roseville Community Charter School's cash deposits as June 30, 2012 were entirely covered by the Federal Deposit Insurance Corporation (F.D.I.C.) or by the pledged collateral pool maintained by the banks as required by New Jersey statutes.

Investments

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States of America.
- b. Government Money Market Mutual Funds.
- c. Any obligations that a federal agency or a federal instrumentality has issued, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest.
- d. Bonds or other obligations of the Roseville Community Charter School or bonds or other obligations of the local unit or units which the school district is located.
- e. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, that are approved by the New Jersey Department of Treasury, Division of Investments.
- f. Local Government investment pools.
- g. Agreements or the repurchase of fully collateralized securities, if transacted in accordance with N.J.S.A. 18A:20-37.

The Roseville Community Charter School had no outstanding investments at June 30, 2012.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Period Ended June 30, 2012

NOTE 4. DETAILED NOTES ON ALL FUNDS (continued)

B. Receivables

Receivables as of year-end for the government's individual major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Business Type Activities</u>	<u>Total</u>
Receivables:				
Accounts	<u>\$24,506</u>	<u>\$-0-</u>	<u>\$15,232</u>	<u>\$39,738</u>
Gross Receivables	<u>\$24,506</u>	<u>\$ 0</u>	<u>\$15,232</u>	<u>\$39,738</u>

C. Deferred Revenue

There is no deferred revenue in the general fund or special revenue fund.

D. Capital Assets

Capital assets as of June 30, 2012 were as follows:

Primary Government:

	<u>June 30, 2012</u>
Capital assets, being depreciated:	
Machinery and equipment	<u>52,504</u>
Total capital assets being depreciated	<u>\$52,504</u>
Less accumulated depreciation for:	
Total accumulated depreciation	<u>(\$2,625)</u>
Total capital assets, being depreciated, net all funds	<u>\$49,879</u>

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Period Ended June 30, 2012

NOTE 4. DETAILED NOTES ON ALL FUNDS (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Total depreciation expense - governmental activities	<u>\$2,625</u>
--	----------------

Capital assets are depreciated in the financial statements using the straight-line method over the estimated useful life of the asset.

E. Interfund Receivables, Payables, and Transfers:

As of June 30, 2012, there were no interfund transactions reflected.

F. Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 5. OTHER INFORMATION

A. Contingent Liabilities

The Roseville Community 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 Roseville Community Charter School may be required to reimburse the grantor government. As of June 30, 2012, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Roseville Community Charter School 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 Roseville Community Charter School.

The Roseville Community Charter School's attorney's letter advises that there are no pending litigation claims, contingent liabilities, unasserted claims for assessments or statutory violations which involved the Roseville Community Charter School and which might materially affect the Roseville Community Charter School's financial position.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Period Ended June 30, 2012

NOTE 5. OTHER INFORMATION (continued)

B. Pension Plans

Substantially all of the Roseville Community Charter School's employees participate in one of the two contributory defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS) of New Jersey. The TPAF and PERS are sponsored and administered by the State of New Jersey. The TPAF 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 Roseville Community Charter School and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan. As a general rule, all full-time employees are eligible to join the TPAF or the PERS.

Employees who are members of TPAF or PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service. Vesting occurs after 8 to 10 years of service.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Effective with the first payroll to be paid on or after October 1, 2011 the employee contributions for PERS went from 5.5% to 6.5% of employees' annual compensation as defined. Employers are required to contribute at an actuarially determined rate in the PERS and TPAF.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the Roseville Community Charter School is a noncontributing employer of the TPAF.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Period Ended June 30, 2012

NOTE 5. OTHER INFORMATION (continued)

B. Pension Plans (continued)

During the fiscal period ended June 30, 2012, the State of New Jersey contributed \$0 to the TPAF for pension benefits on-behalf of the Roseville Community Charter School.

Post-Retirement Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through 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, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal period 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal period 2011.

The State's on behalf Post Retirement Medical Contributions to TPAF for the Roseville Community Charter School was \$0 for year end June 30, 2012.

NOTE 6. RISK MANAGEMENT

The Roseville Community Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The school maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (unaudited) of this Comprehensive Annual Financial Report.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Period Ended June 30, 2012

NOTE 7. LONG-TERM LEASES

The school leases its premises under the terms of a non-cancelable lease. Rent expense for the year ended June 30, 2012 amounted to \$91,000. Future minimum lease payments required under the building lease is as follows:

2013	198,000
2014	264,000
2015	330,000

NOTE 8. ECONOMIC DEPENDENCY

The Roseville Community 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 Roseville Community Charter School's programs and activities.

NOTE 9. SUBSEQUENT EVENTS

The school has evaluated subsequent events occurring after the balance sheet through the date of November 10, 2012, which is the date the financial statements were available to be issued. Based on this evaluation, the school has determined no subsequent events require disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

ROSEVILLE COMMUNITY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Fiscal Period Ended June 30, 2012
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Share	\$ 189,100	\$ -	\$ 189,100	\$ 187,283	\$ 1,817
State Share	1,269,414	-	1,269,414	1,259,240	10,174
Other Restricted Miscellaneous Revenues					
Miscellaneous	-	-	0	244	(244)
Total - Local Sources	<u>1,458,514</u>	<u>-</u>	<u>1,458,514</u>	<u>1,446,767</u>	<u>11,747</u>
Nonpublic Aid	15,100	-	15,100	15,100	-
Special Education	13,358	-	13,358	13,358	-
Security Aid	49,986	-	49,986	48,633	1,353
Categorical Aid	-	-	-	-	-
Targeted At- Risk Aid	-	-	-	-	-
Bilingual Education	-	-	-	-	-
Demonstrably Effective	-	-	-	-	-
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	-	-
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	47,319	(47,319)
Total State Sources	<u>78,444</u>	<u>-</u>	<u>78,444</u>	<u>124,410</u>	<u>(45,966)</u>
Federal Sources:					
Impact Aid					
Medical Assistance Program					
Total - Federal Sources					
Total Revenues	<u>1,536,958</u>	<u>-</u>	<u>1,536,958</u>	<u>1,571,177</u>	<u>(34,219)</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Teachers Salary	485,000	32,040	517,040	433,041	\$ 83,999
Other Salaries	28,000	68,190	96,190	70,634	25,556
Prof/Tech Services	-	-	-	-	-
Other Purchased Services (400-500 series)	7,000	(537)	6,463	654	5,809
General Supplies	55,556	(6,279)	49,277	45,126	4,151
Textbooks	24,420	1,810	26,230	24,451	1,779
Other Objects	86,277	(73,751)	12,526	12,367	159
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>686,253</u>	<u>21,473</u>	<u>707,726</u>	<u>586,273</u>	<u>121,453</u>

ROSEVILLE COMMUNITY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Fiscal Period Ended June 30, 2012
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services - General Administrative					
Salaries of Administrative Salaries	259,744	(63,200)	196,544	186,536	10,008
Salaries of Secretarial and Clerical Assistants	-	-	-	-	-
Cost of Benefits	166,567	45,000	211,567	133,642	77,925
Consultants	47,300	10,448	57,748	48,363	9,385
Other Purchased Services (400-500 series)	23,500	(1,661)	21,839	21,192	647
Communications/Telephone	13,000	-	13,000	6,764	6,236
Supplies and Materials	13,000	434	13,434	12,157	1,277
Other Objects	17,800	(11,275)	6,525	5,337	1,188
	<u>540,911</u>	<u>(20,254)</u>	<u>520,657</u>	<u>413,991</u>	<u>106,666</u>
Support Services - School Admin/Operation Plant Services					
Salaries	62,257	2,348	64,605	32,666	31,939
Purchased Professional and Technical Services	34,650	27,797	62,447	53,096	9,351
Other Purchased Services	-	-	-	-	-
Rental of Land and Building- other than Lease Purchase Agreements	112,200	(21,200)	91,000	91,000	-
Insurance	19,000	7,063	26,063	22,510	3,553
General Supplies	3,000	998	3,998	3,139	859
Transportation- Trips	1,000	-	1,000	885	115
Energy (Energy and Electricity)	25,200	-	25,200	25,200	-
Other Objects	10,486	18,536	29,022	23,080	5,942
	<u>267,793</u>	<u>35,542</u>	<u>303,335</u>	<u>251,576</u>	<u>51,759</u>
Total Undist. Expend. - Other Oper. & Maint. Of Plant					
Food Service and After Care Program					
Other Purchased Services	-	-	-	-	-
Total Food Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
On-behalf TPAF pension Contributions (non-budgeted)					
Reimbursed TPAF Social Security Contributions (non-budgeted)				47,319	(47,319)
TOTAL ON-BEHALF CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,319</u>	<u>(47,319)</u>
TOTAL UNDISTRIBUTED EXPENDITURES					
	808,704	15,288	823,992	712,886	111,106
TOTAL GENERAL CURRENT EXPENSE	<u>1,494,957</u>	<u>36,761</u>	<u>1,531,718</u>	<u>1,299,159</u>	<u>232,559</u>

ROSEVILLE COMMUNITY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Fiscal Period Ended June 30, 2012
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction:					
Instructional Equipment	42,001	(42,001)	-	-	-
Non-Instructional Equipment	-	5,240	5,240	5,168	72
Building Improvements	-	-	-	-	-
Total Equipment	<u>42,001</u>	<u>(36,761)</u>	<u>5,240</u>	<u>5,168</u>	<u>72</u>
TOTAL EXPENDITURES- GENERAL FUND	1,536,958	-	1,536,958	1,304,327	232,631
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>--</u>	<u>--</u>	<u>266,850</u>	<u>(266,850)</u>
Other Financing Sources:					
Operating Transfer In:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	266,850	(266,850)
Fund Balance, January 1, 2011	-	-	-	-	
Fund Balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 266,850</u>	<u>\$ (266,850)</u>

ROSEVILLE COMMUNITY CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Period Ended June 30, 2012
(Unaudited)

Exhibit C-2
Page 1

	<u>Budget</u>	<u>Transfers</u>	<u>Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
REVENUES:					
Local Sources	\$ 336,894		\$ 336,894	\$ 336,894	
State Sources	-		-	-	
Federal Sources	-		-	-	
Total Revenues	<u>336,894</u>		<u>336,894</u>	<u>336,894</u>	
EXPENDITURES:					
Instruction					
Salaries of Teachers	108,714		108,714	108,714	
Other Salaries for Instruction					
Purchased Professional -Educational Services	1,371		1,371	1,371	
Purchased Professional and Technical Services	-		-	-	
Food Service Subsidy	17,418		17,418	17,418	
Other Purchased Services (400-500 series)	8,000		8,000	8,000	
Textbooks	7,995		7,995	7,995	
General Supplies	113,813		113,813	113,813	
Personal Services- Employee Benefits	5,000		5,000	5,000	
Instructional services	25,000		25,000	25,000	
Equipment- Non instructional	47,336		47,336	47,336	
Recruitment	2,247		2,247	2,247	
Total Instruction	<u>336,894</u>	<u>-</u>	<u>336,894</u>	<u>336,894</u>	
Support Services					
Salaries of Supervisor of Instruction	-		-	-	
Salaries of Program Directors					
Salaries of Other Professional Staff	-		-	-	
Salaries of Secretaries & Clerical Assistants					
Other Salaries				-	
Personal Services - Employee Benefits	-		-	-	
Purchased Professional - Educational Services	-		-	-	
Other Purchased Professional Services					
Supplies					
Field Trips					
Scholarships					
Tuition					
Travel					
Other purchased Services (400-500 series)	-		-	-	
Building Improvements					
Total Support Services	<u>-</u>		<u>-</u>	<u>-</u>	

ROSEVILLE COMMUNITY CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Period Ended June 30, 2012
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Buildings Improvements					
Instructional Equipment					
Noninstructional Equipment					
Total Facilities Acquisition and Construction Services					
Transfer to Charter School					
Total Expenditures	336,894		336,894	336,894	
Other Financing Sources (Uses)					
Transfer in from General Fund					
Transfer Out to Whole School Reform (General Fund)					
Total Other Financing Sources (Uses)					
Total Outflows					
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION**

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Fiscal Period Ended June 30, 2012**

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

The general fund budget and the special revenue budget basis are GAAP, therefore no reconciliation is required

SPECIAL REVENUE FUND

Special Revenue Funds are used to account for the proceeds of special revenue resources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Revenues and Expenditures- Budgetary Basis
For the Fiscal Period Ended June 30, 2012

	TOTAL	FDN FOR NEWARK'S FUTURE	NEWARK CHARTER SCHOOL FUND	EDUCATION PIONEERS	VICTORIA FOUNDATION	MCJ AMELIOR
REVENUES						
Intergovernmental						
State						
Federal	336,894	190,302	94,592	7,000	20,000	25,000
Other Sources						
Miscellaneous						
Total Revenues	<u>336,894</u>	<u>190,302</u>	<u>94,592</u>	<u>7,000</u>	<u>20,000</u>	<u>25,000</u>
EXPENDITURES						
Instruction						
Salaries	108,714	83,754	17,960	7,000		
Other Purchased Services	8,000	8,000				
Purchased Prof. and Tech.and Edu Services	1,371		1,371			
General Supplies	113,813	43,217	50,596		20,000	0
Recruitment	2,247		2,247			
Personal Services - Employee Benefits	5,000		5,000			
Food Service Subsidy	17,418		17,418			
Textbooks	7,995	7,995				
Instructional Services	25,000	25,000				
Equipment Non- Instructional	47,336	22,336				25,000
Total Instruction	<u>336,894</u>	<u>190,302</u>	<u>94,592</u>	<u>7,000</u>	<u>20,000</u>	<u>25,000</u>
Support Services						
Salaries of Supervisors of Instruction						
Salaries of Program Directors						
Salaries of Other Prof. Staff						
Salaries of Secretarial and Clerical Ass't						
Personal Services - Employee Benefits						
Supplies and Materials						
Other Purchased Services						
Purchased Professional/Educational Services						
Class- room Improvements						
Building Improvements						
Non instructional Equipment						
Total Support Services	<u>0</u>			<u>0</u>	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	<u>336,894</u>	<u>190,302</u>	<u>94,592</u>	<u>7,000</u>	<u>20,000</u>	<u>25,000</u>

PROPRIETARY FUNDS

ENTERPRISE FUND

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the cost of providing goods and services be financed through user charges or where the board has decided that periodical determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Food Service Fund - The fund provides for the operation of food services in all schools.

Exhibit G-1

ROSEVILLE COMMUNITY CHARTER SCHOOL
Statement of Net Assets
June 30, 2012

	Business-Type Activities
ASSETS	
Current Assets	
Cash	\$0
Intergovernmental Receivable	
Federal	14,998
State	234
Accounts Receivable	
Total Current Assets	15,232
Total Assets	15,232
 LIABILITIES	
Cash Overdraft	(15,232)
Accounts Payable	
Total Current Liabilities	(15,232)
 Net Assets	
Unrestricted	
Invested in capital assets net of related debt	
Total Net Assets	0

ROSEVILLE COMMUNITY CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Period Ended June 30, 2012

	<u>Enterprise Fund</u> <u>Food Services</u>
OPERATING REVENUES	
Local Sources	
Daily Sales - Reimbursable Programs	
After School Revenue	
Self Pay Revenue	3,152
Total Operating Revenues	<u>3,152</u>
OPERATING EXPENSES	
Salaries, wages and employee benefits	
Supplies, Materials & Other	74,302
Professional Services	
Total Operating Expenses	<u>74,302</u>
Income (Loss) From Operations	<u>(71,150)</u>
Nonoperating Revenues	
State Sources	
State Sources	649
Federal Sources	
School Breakfast Program	16,267
National School Lunch Program	36,816
	<u>17,418</u>
Total Nonoperating Revenues	<u>71,150</u>
	0
Net Income (Loss)	
Total Net Assets- January 1, 2011	<u>0</u>
Total Net Assets- June 30, 2012	<u>\$0</u>

ROSEVILLE COMMUNITY CHARTER SCHOOL
Statements of Cash Flows
For the Fiscal Period Ended June 30, 2012

	<u>2012</u>
Cash flows from operating activities	
Cash Received from Customers	3,152
Cash Payments to Employee's Salaries and Benefits	
Cash Payments to Suppliers for Goods and Services	(74,302)
Net Cash (Used) by Operating Activities	<u>(71,150)</u>
 Cash Flows from Noncapital Financing Activities	
Cash Received from Special Fund Transfer (Contribution)	17,418
Cash Received from State and Federal Subsidy Reimbursements	38,500
Net Cash Provided by Noncapital Financing Activities	<u>55,918</u>
 Cash Flows from Investing Activities	
Net Cash Provided by Investing Activities	
Net Increase in Cash and Cash Equivalents	(15,232)
Cash and Cash Equivalents, Beginning of Year	
Cash and Cash Equivalents, End of Year	<u>(\$15,232)</u>
 Reconciliation of Operating (Loss) to Net Cash	
Used by Operating Activities	
Operating (Loss)	\$0
Adjustments to Reconcile Operating (Loss) to	
Net Cash Used by Operating Activities	
Depreciation	
Increase in Accounts Receivable	(15,232)
USDA Commodities	
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	0
Increase/(Decrease) in Deferred Revenue	
Increase/(Decrease) in Compensated Absences	
Increase/(Decrease) in Inventory	
Total Adjustment	<u>(15,232)</u>
 Net Cash Used by Operating Activities	<u>(\$15,232)</u>

FIDUCIARY FUNDS

ROSEVILLE COMMUNITY CHARTER SCHOOL
Combining Statement of Agency Fund Net Assets
Fiduciary Funds
As of June 30, 2012

	<u>Student Activity Fund</u>	<u>Unemployment Insurance Fund</u>	<u>Agency Fund Payroll</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$0	\$0	\$20,871	\$20,871
Total Assets	<u>\$0</u>	<u>\$0</u>	<u>\$20,871</u>	<u>\$20,871</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Payroll deductions and withholdings			20,871	20,871
Interfund payables				
Account payable - due to students group				
Total Liabilities	<u>0</u>	<u>0</u>	<u>20,871</u>	<u>20,871</u>
Net Assets				
Total Liabilities and Net Assets	<u>\$0</u>	<u>\$0</u>	<u>\$20,871</u>	<u>\$20,871</u>

Exhibit H-2

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Nonexpendable Trust Fund
Combining Statement of Agency Fund Net Assets
Fiduciary Funds
As of June 30, 2012**

NOT APPLICABLE

Exhibit H-3

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Student Activity Agency Fund
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Period Ended June 30, 2012**

NOT APPLICABLE

Exhibit H-5

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Unemployment Compensation Insurance Trust Fund
Statement of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Period Ended June 30, 2012**

NOT APPLICABLE

FINANCIAL TRENDS

Exhibit J-1

**ROSEVILLE COMMUNITY CHARTER SCHOOL
NET ASSETS BY COMPONENT
FOR THE FISCAL PERIOD ENDED JUNE 30, 2012
(Unaudited)**

	2012
Governmental activities	
Invested in capital assets, net of related debt	\$ 266,850
Restricted	
Unrestricted	49,879
Total governmental activities net assets	\$ 316,729
Business-type activities	
Invested in capital assets, net of related debt	
Restricted	-
Unrestricted	\$ -
Total business-type activities net assets	
School-wide	
Invested in capital assets, net of related debt	266,850
Restricted	-
Unrestricted	49,879
Total school net assets	\$ 316,729

Exhibit J-2
ROSEVILLE COMMUNITY CHARTER SCHOOL
CHANGES IN NET ASSETS
FOR THE FISCAL PERIOD ENDED JUNE 30, 2012
(Unaudited)

	<u>2012</u>
Expenses	
Governmental activities	
Instruction	
Regular	923,167
Support Services:	
General administration	413,991
School Administrative Services	251,576
On-behalf TPAF Social Security	47,319
Capital outlay	5,168
Unallocated depreciation	2,625
Total governmental activities expenses	<u>1,643,846</u>
Business-type activities:	
Food service	74,302
Total business-type activities expense	<u>74,302</u>
Total school expenses	<u>1,718,148</u>
Program Revenues	
Governmental activities:	
Operating grants and contributions	336,894
Capital grants and contributions	
Total governmental activities program revenues	<u>336,894</u>
Business-type activities:	
Charges for services	
Food service	3,152
Operating grants and contributions	71,150
Capital grants and contributions	
Total business type activities program revenues	<u>74,302</u>
Total school program revenues	<u>411,196</u>
Net (Expense)/Revenue	
Governmental activities	-
Business-type activities	\$0
Total school-wide net expense	<u>(\$1,306,952)</u>
Governmental activities:	
Local share	187,283
State Share	1,259,240
State and Federal Aid aid	124,410
Miscellaneous income	244
Increase in Net Capital Outlay	52,504
Transfers	
Total governmental activities	<u>1,623,681</u>
Business-type activities:	
Investment earnings	
Transfers	0
Total business-type activities	<u>0</u>
Total school-wide	<u>1,623,681</u>
Change in Net Assets	
Governmental activities	\$316,729
Business-type activities	\$0
Total school	<u>\$316,729</u>

Exhibit J-3

**ROSEVILLE COMMUNITY CHARTER SCHOOL
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL PERIOD ENDED JUNE 30, 2012
(Unaudited)**

	<u>2012</u>
General Fund	
Reserved	\$ -
Unreserved	266,850
Total general fund	<u><u>\$ 266,850</u></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>

Exhibit J-4
ROSEVILLE COMMUNITY CHARTER SCHOOL
GOVERNMENTAL REVENUES AND EXPENDITURES
FOR THE FISCAL PERIOD ENDED JUNE 30, 2012
(Unaudited)

	<u>2012</u>
Revenues	
Local tax Levy	\$187,283
Other local revenue	336,894
State sources	1,383,894
Federal sources	
Total revenue	<u>1,908,071</u>
Expenditures	
Instruction	586,273
Regular Instruction	
Support Services:	
General administration	413,991
School administrative services/Plant	251,576
TPAF Social Security	47,319
Food Service	
Capital outlay	5,168
Debt service:	
Principal	
Interest and other charges	
Special Revenue	<u>336,894</u>
Total expenditures	<u>1,641,221</u>
Excess (Deficiency) of revenues over (under) expenditures	
Other Financing sources (uses)	
Proceeds from borrowing	
Capital leases (non-budgeted)	
Proceeds from refunding	
Payments to escrow agent	
Transfers in	
Transfers out	
Total other financing sources (uses)	<u>0</u>
Net change in fund balance	<u><u>\$ 266,850</u></u>

Source: School records

REVENUE CAPACITY

EXHIBIT J-5

**ROSEVILLE COMMUNITY CHARTER SCHOOL
REVENUE CAPACITY
FOR THE FISCAL PERIOD ENDED JUNE 30, 2012
(Unaudited)**

NOT APPLICABLE

Exhibit J-6

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Assessed Value and Actual Value of Taxable Property
For the Fiscal Period Ended June 30, 2012
(Unaudited)**

NOT APPLICABLE

Exhibit J-7

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Direct and Overlapping Property Tax Rates
For the Fiscal Period Ended June 30, 2012
(Unaudited)**

NOT APPLICABLE

Exhibit J-8

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Principal Property Taxpayers
For the Fiscal Period Ended June 30, 2012
(Unaudited)**

NOT APPLICABLE

DEBT CAPACITY

Exhibit J-9

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Property Tax Levies and Collections
For the Fiscal Period Ended June 30, 2012
(Unaudited)**

NOT APPLICABLE

Exhibit J-10

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Ratios of Outstanding Debt by Type
For the Fiscal Period Ended June 30, 2012
(Unaudited)**

NOT APPLICABLE

Exhibit J-11

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Ratios of Net General Bonded Debt Outstanding
For the Fiscal Period Ended June 30, 2012
(Unaudited)**

NOT APPLICABLE

Exhibit J-12

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Direct and Overlapping Governmental Activities Debt
For the Fiscal Period Ended June 30, 2012
(Unaudited)**

NOT APPLICABLE

DEMOGRAPHIC AND ECONOMIC INFORMATION

Exhibit J-13

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Demographic and Economic Statistics
For the Fiscal Period Ended June 30, 2012
(Unaudited)**

NOT APPLICABLE

Exhibit J-14

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Principal Employers
For the Fiscal Period Ended June 30, 2012
(Unaudited)**

NOT APPLICABLE

**OPERATING INFORMATION
(UNAUDITED)**

**Roseville Community Charter School
Full-time Equivalent School Employees by Function/Program
For the Fiscal Period Ended June 30, 2012
(Unaudited)**

<u>Function/Program</u>	<u>2012</u>
Instruction	
Regular	8
Special education	1
Other special education	
Vocational	
Other instruction	3
Nonpublic school programs	
Adult/continuing education programs	
Support Services:	
Student & instruction related services	
General administration	2
School administrative services	
Other administrative services	1.5
Central services	
Administrative Information Technology	
Plant operations and maintenance	1.5
Pupil transportation	
Other support services	
Special Schools	
Food Service	0.5
Child Care	
 Total	 <u><u>18</u></u>

Source: School Personnel Records

ROSEVILLE COMMUNITY CHARTER SCHOOL
Operating Statistics
For the Fiscal Period Ended June 30, 2012
(Unaudited)

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary and Middle School	Senior High School				
2012	107	1,715,523	16,033	N/A	17	11:1	N/A	106.7	97.7		91.60%

Sources: School records

Exhibit J-17

ROSEVILLE COMMUNITY CHARTER SCHOOL
School Building Information
For the Fiscal Period Ended June 30, 2012
(Unaudited)

	<u>2012</u>
<u>School Building</u>	
Main Campus	
Square Feet	26,700
Capacity (students)	112
Enrollment	107
Second Campus	
Square Feet	
Capacity (students)	
Enrollment	
Number of Schools at June 30, 2012	
Elementary	1

Source: School Office

ROSEVILLE COMMUNITY CHARTER SCHOOL
Insurance Schedule
For the Fiscal Period Ended June 30, 2012
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Commercial Property	\$ 1,000,000	\$ 1,000
Boiler and Machinery	1,000,000	1,000
School Board Legal Liability	1,000,000	5,000
Umbrella	1,000,000	10,000
Workers' Compensation	1,000,000	-
Surety Bonds		
School Board Legal Liability	1,000,000	N/A

Source: Charter School Records

ROSEVILLE COMMUNITY CHARTER SCHOOL
General Fund - Other Local Revenue By Source
For the Fiscal Period June 30, 2012
(Unaudited)

	<u>Sale of Capital Assets</u>	<u>Donations</u>	<u>Rentals</u>	<u>Prior Year Refunds</u>	<u>Sale and Leaseback of Textbooks</u>	<u>Other Local</u>	<u>Annual Totals</u>
Fiscal Year Ending June 30,							
2012						244	244

Source: School records

Exhibit J-20

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Schedule of Allowable Maintenance Expenditures by School Facility
For the Fiscal Period Ended June 30, 2012
(Unaudited)**

NOT APPLICABLE

SINGLE AUDIT SECTION K

SCOTT J. LOEFFLER
CERTIFIED PUBLIC ACCOUNTANT
P. O. BOX 553
EAST HANOVER, NEW JERSEY 07936

TELEPHONE
973-585-4989

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973-240-7318

EXHIBIT K-1

INDEPENDENT AUDITORS' 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 Chairman and
Members of the Board of Trustees
Roseville Community Charter School
County of Essex
Newark, New Jersey

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Roseville Community Charter School as of June 30, 2012 for the fiscal period commencing January 1, 2011 and ended June 30, 2012, which collectively comprise the Roseville Community Charter School's basic financial statements and have issued my report thereon dated November 10, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of the Board of Trustees of the Roseville Community Charter School is responsible for establishing and maintaining effective internal control over financial planning. In planning and performing my audit, I considered the Roseville Community Charter School Board of Trustees internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Roseville Community Charter School Board of Trustees' internal control over financial reporting. Accordingly, I do not express an opinion on effectiveness of the Roseville Community Charter School Board of Trustees' internal control over financial reporting.

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 Roseville Community Charter School's financial statements will not be prevented or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Roseville Community Charter School Board of Trustee'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 Division of Administration and Finance, Department of Education, State of New Jersey. However, I noted certain matters that I have reported to the Board in a separate report, the *Auditors' Management report on Administrative Findings - Financial, Compliance, and Performance*, dated November 10, 2012.

This report is intended solely for the information and use of the management of the Roseville Community Charter School, Board of Trustees and the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Licensed Public School Accountant No. 870

A handwritten signature in cursive script that reads "Scott J Loeffler CPA". The signature is written in black ink and is positioned above the typed name and date.

Scott J Loeffler, CPA
November 10, 2012

SCOTT J. LOEFFLER
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EXHIBIT K-2

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR NJOMB 04-04**

The Honorable Chairman and
Members of the Board of Trustees
Roseville Community Charter School
County of Essex
Newark, New Jersey

Compliance

I have audited the compliance of the Board of Trustee's of the Roseville Community Charter School, in the County of Essex, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal period ended June 30, 2012. The Board of Trustee's of the Roseville Community Charter School major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Board of Trustee's Roseville Community Charter School management. My responsibility is to express an opinion on the Board of Trustee's Roseville Community Charter School compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and Federal Office of Management and Budget Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, Federal OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04, 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 Board of Trustee's Roseville Community Charter School 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. My audit does not

provide a legal determination of the Board of Trustees of the Roseville Community Charter School compliance with those requirements.

In my opinion, the Board of Trustee's of the Roseville Community Charter School, in the County of Essex, State of New Jersey, complied, in all material aspects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal period ended June 30, 2012.

Internal Control Over Compliance

The management of the Board of Trustee's of the Roseville Community Charter School is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing my audit, I considered the Board of Trustee's Roseville Community Charter School internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance 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 Board of Trustee's Roseville Community Charter School 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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended for the information and use of the audit committee, management, the Board of Trustee's Roseville Community Charter School, the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Licensed Public School Accountant No. 870



Scott J. Loeffler, CPA
November 10, 2012

EXHIBIT A

ROSEVILLE COMMUNITY CHARTER SCHOOL
 Schedule of Federal Financial Assistance
 For the Fiscal Period Ended June 30, 2012

<u>Federal/Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance January 1, 2011</u>	<u>Prior Carry-over</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Refund of Prior Years' Balances</u>	<u>Adjust</u>	<u>Deferred Revenue/ (Accounts Receivable) June 30, 2012</u>	<u>Due to Grantor at June 30, 2012</u>
Food Subsidy											
Federal School Breakfast	10.553	07/01/11-06/30/12	16,267			\$ 12,142	\$ 16,267			(4,125)	
Federal School Lunch	10.555	07/01/11-06/30/12	36,816			25,943	36,816			(10,873)	
Special Revenue Fund											
Special Revenue											
Total Special Revenue						0	0			0	---
						\$38,085	\$53,083			(14,998)	

See accompanying notes to schedules of expenditures of Federal and State award programs.

EXHIBIT - B

ROSEVILLE COMMUNITY CHARTER SCHOOL
 Schedule of State Financial Assistance
 For the Fiscal Period Ended June 30, 2012

<u>State Grantor Program Title</u>	<u>Grant or State Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance January 1, 2011</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Refund of Prior Years' Balances</u>	<u>Adjustments</u>	<u>Deferred Revenue/ (Accounts Receivable) 2012</u>	<u>Due to Grantor at June 30, 2012</u>
GENERAL FUND										
TPAF Social Security	12-495-034-5095-002	7/1/11-06/30/12	\$47,319		\$42,292	\$47,319			(\$5,027)	
On Behalf Pension	12-495-034-5095-002	7/1/11-06/30/12	-		-	-				
Equalization School Aid - Local	12-495-034-5120-078	7/1/11-06/30/12	208,115		208,115	208,115				
Equalization School Aid - State	12-495-034-5120-078	7/1/11-06/30/12	1,379,447		1,379,447	1,379,447				
Nonpublic Aid	12-100-034-5120-066	7/1/11-06/30/12	15,100		15,100	15,100				
Security Aid	12-495-034-5120-084	7/1/11-06/30/12	13,358		13,358	13,358				
Special Education	12-495-034-5120-089	7/1/11-06/30/12	48,633		48,633	48,633				
									<hr/>	
Total General Fund									(5,027)	
ENTERPRISE FUND										
State School Lunch	12-100-010-3350-023	7/1/11-06/30/12	\$649		415	649			(\$234)	\$
									<hr/>	
GRAND TOTAL					\$1,707,360	\$1,712,621			(\$5,261)	\$ -
									<hr/>	

**ROSEVILLE COMMUNITY CHARTER SCHOOL
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AND STATE AWARDS
FOR THE FISCAL PERIOD ENDED JUNE 30, 2012**

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of awards and financial assistance present the activity of all federal and state award programs of the Roseville Community Charter School. The board of trustees is defined in the Notes to the school's general-purpose financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the school's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting revenue is not recognized until the subsequent year or 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 account 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-. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the school's general-purpose financial statements on a GAAP basis as follows:

**ROSEVILLE COMMUNITY CHARTER SCHOOL
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AND STATE AWARDS
FOR THE FISCAL PERIOD ENDED JUNE 30, 2012**

The net adjustment to reconcile from the budgetary basis to GAAP basis is \$-0-. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the school's general-purpose financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	\$ -0-	\$ 1,711,972	\$ 1,711,972
Special Revenue Fund	-0-	-0-	-0-
Food Service Fund	<u>53,083</u>	<u>649</u>	<u>53,732</u>
Total Awards and Financial Assistance	<u>\$ 53,083</u>	<u>\$ 1,712,621</u>	<u>\$ 1,765,704</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2012. TPAF Social Security Contributions of \$47,319 represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

NOTE 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 State Financial Assistance provides a reconciliation of State financial assistance reported in the schools basic financial statements and the amount subject to State single audit and major program determination.

**ROSEVILLE COMMUNITY CHARTER SCHOOL
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL PERIOD ENDED JUNE 30, 2012**

PART 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statement Section

Type of auditor’s report issued:	Unqualified
	<u>YES</u> <u>NO</u>
Internal control over financial reporting:	
Material weakness(es) identified:	X
Significant deficiencies identified not considered to be material weakness(es)?	X
Noncompliance material to financial statements noted?	X

Federal Awards

Internal control over compliance:	
Material weakness(es) identified?	X
Significant deficiencies identified not considered to be material weakness(es)?	X
Type of auditor’s report on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be Reported in accordance with Circular A-133 (section .510a)?	X
Identification of major programs:	

CDEFA Number(s)

Name of Federal Program

None	None	
Dollar threshold used to distinguish between type A and type B programs (.520)		\$300,000
Auditee qualified as low risk auditee:		X

State Awards

Dollar threshold used to distinguish between type A and type B programs (.520)	<u>YES</u> <u>NO</u>
	\$300,000
Auditee qualified as low risk auditee:	X
Type of auditor’s report issued:	Unqualified
Internal control over major programs:	
Material weakness(es) identified:	X
Significant deficiencies identified not considered to be material weakness(es)?	X
Type of auditor’s report on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be Reported in accordance with NJOMB Circular Letter 04-04?	X

Identification of major programs:

CDEFA Number(s)

Name of State Program

12-495-034-5120-078	Equalization School Aid
12-495-034-5120-089	Special Education

**ROSEVILLE COMMUNITY CHARTER SCHOOL
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL PERIOD ENDED JUNE 30, 2012**

PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS

No financial statement findings noted that are required to be reported under Government Auditing Standards.

**ROSEVILLE COMMUNITY CHARTER SCHOOL
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL PERIOD ENDED JUNE 30, 2012**

**PART III – SCHEDULE OF FEDERAL AND STATE AWARD FINDINGS AND
QUESTIONED COSTS**

No federal and state award findings and questioned costs noted that are required to be reported in accordance of OMB Circular A-133 or with NJOMB Circular 04-04.

**ROSEVILLE COMMUNITY CHARTER SCHOOL
SUMMARY OF SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL PERIOD ENDED JUNE 30, 2012**

Status of Prior Year Findings

Initial year.