WHISMAN GIORDANO
CERTIFIED PUBLIC ACCOUNTANTS

Building Extraordinary Relationships

Report of Independent Auditor

CAMPUS COMMUNITY SCHOOL

[A Component Unit of the State of Delaware]
Dover, Delaware

Years Ended June 30, 2017 and 2016

CAMPUS COMMUNITY SCHOOL
[A Component Unit of the State of Delaware]

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WHISMAN GIORDANO
CERTIFIED PUBLIC ACCOUNTANTS

Building Extraordinary Relationships

Report of Independent Auditor

To Members of the School Board
Campus Community School
Dover, Delaware

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Campus Community School [the “School”], Dover, Delaware [a component unit of the State of Delaware] as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Campus Community School’s basic financial statements as listed in the table of contents. The financial statements of Campus Community School as of and for the year ended June 30, 2016 were audited by Haggerty & Haggerty, P.A. [which merged with Whisman Giordano & Associates, LLC. effective August 1, 2017], whose report dated August 22, 2016 expressed unmodified opinions on those financial statements.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Campus Community School as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require a schedule of budgetary comparison information, a schedule of proportionate share of net pension liability, and a schedule of pension contributions, reflected on pages 22 to 24, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The School has omitted the management's discussion and analysis section that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Campus Community School's basic financial statements. The supplementary information, reflected on pages 25 and 26, 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information reflected on pages 25 and 26 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2017 on our consideration of Campus Community School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering Campus Community School's internal control over financial reporting and compliance.

Restriction on Use

Our report is intended solely for the information and use of management, Finance Committee, School Board, others within the School, Delaware Department of Education, Office of the Governor, Office of the Controller General, Office of the Attorney General, Office of Management and Budget, Secretary of Finance, Office of Auditor of Accounts, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties. However, this report is a public record and its distribution is not limited.

Whisman Giordano & Associates, LLC.
Certified Public Accountants

August 28, 2017
Newark, Delaware

Basic Financial Statements Section

CAMPUS COMMUNITY SCHOOL
STATEMENTS OF NET POSITION
As of June 30, 2017 and 2016

	Governmental Activities	
	2017	2016
ASSETS		
Current assets:		
Cash and equivalents	$ 1,289,987	$ 933,585
Receivables, net of allowance:		
Students	13,026	5,770
Cash held by fiscal agent:		
Debt service for subsequent year	60,880	60,416
Due from other governments	26,443	41,884
Total current assets	1,390,336	1,041,655
Noncurrent assets:		
Cash held by fiscal agent:		
Debt service reserves	341,420	340,233
Replacement reserves	137,950	200,230
Capital assets, net of depreciation:		
Nondepreciable	150,000	150,000
Depreciable	4,452,162	4,628,213
Total noncurrent assets	5,081,532	5,318,676
TOTAL ASSETS	6,471,868	6,360,331
DEFERRED OUTFLOWS OF RESOURCES		
Deferred contributions and changes in proportion related to pension activity	694,377	190,678
LIABILITIES		
Current liabilities:		
Accounts payable	17,533	12,398
Accrued salaries and related costs	355,229	380,491
Compensated absences liability, current portion	...	...
Revenue bond payable, current portion	85,000	80,000
Total current liabilities	457,762	472,889
Noncurrent liabilities:		
Compensated absences liability, net of current portion	79,890	64,177
Net pension liability	1,572,687	695,710
Revenue bond payable, net of current portion	3,395,000	3,480,000
Total noncurrent liabilities	5,047,577	4,239,887
TOTAL LIABILITIES	5,505,339	4,712,776
DEFERRED INFLOWS OF RESOURCES		
Deferred investment earnings related to pension activity	143,897	337,974
NET POSITION		
Net investment in capital assets	1,122,162	1,218,213
Restricted for:		
Specific programs	480	480
Educational commitment	32,995	32,995
Debt service for subsequent year	60,880	60,416
Debt service reserves	341,420	340,233
Replacement reserves	137,950	200,230
Unrestricted (liability)	(178,878)	(352,308)
TOTAL NET POSITION	**$ 1,517,009**	**$ 1,500,259**

The accompanying notes are an integral
part of the basic financial statements

CAMPUS COMMUNITY SCHOOL
STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

		Program Revenue			Net (Expense) Revenue & Changes in Net Position Governmental Activities	
Functions	Expenses	Charges for Services	Grants and Contributions Operating	Capital	Primary Government	
GOVERNMENTAL ACTIVITIES						
Instructional services	$ 3,721,918	$ 17,565	$ 642,036	$ ...	$(3,062,317)	
Supporting services:						
Operation and maintenance of facilities	195,720	...	...	...	(195,720)	
Transportation	217,659	...	318,543	...	100,884	
Food services	163,244	34,869	117,390	...	(10,985)	
Interest on long-term debt	255,238	...	...	...	(255,238)	
Depreciation-unallocated	176,051	...	...	...	(176,051)	
TOTAL GOVERNMENTAL ACTIVITIES	$ 4,729,830	$ 52,434	$ 1,077,969	$ ...		$(3,599,427)

GENERAL REVENUES AND TRANSFERS		
Charges to school districts	570,979	
State funding not restricted to specific purposes	3,024,141	
Earnings on cash and equivalents	14,457	
Miscellaneous revenues	6,600	
Total general revenues and transfers		3,616,177
CHANGE IN NET POSITION		16,750
NET POSITION		
Beginning of year		1,500,259
End of year		**$ 1,517,009**

The accompanying notes are an integral part of the basic financial statements

CAMPUS COMMUNITY SCHOOL
STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

		Program Revenue			Net (Expense) Revenue & Changes in Net Position	
		Charges for	Grants and Contributions		Governmental Activities	
Functions	Expenses	Services	Operating	Capital	Primary Government	
GOVERNMENTAL ACTIVITIES						
Instructional services	$ 3,597,284	$ 12,535	$ 639,141	$ ...	$(2,945,608)	
Supporting services:						
Operation and maintenance of facilities	144,581	...	...	...	(144,581)	
Transportation	227,240	...	341,578	...	114,338	
Food services	155,959	37,044	129,526	...	10,611	
Interest on long-term debt	259,838	...	...	...	(259,838)	
Depreciation-unallocated	177,956	...	...	...	(177,956)	
TOTAL GOVERNMENTAL ACTIVITIES	$ 4,562,858	$ 49,579	$ 1,110,245	$ ...		$(3,403,034)

GENERAL REVENUES AND TRANSFERS		
Charges to school districts	572,549	
State funding not restricted to specific purposes	2,960,151	
Earnings on cash and equivalents	6,837	
Miscellaneous revenues	6,647	
Total general revenues and transfers		3,546,184
CHANGE IN NET POSITION		143,150
NET POSITION		
Beginning of year		1,357,109
End of year		**$ 1,500,259**

The accompanying notes are an integral part of the basic financial statements

CAMPUS COMMUNITY SCHOOL
BALANCE SHEETS-GOVERNMENTAL FUNDS
As of June 30, 2017 and 2016

	Governmental Funds					
	2017			2016		
	General Fund	Debt Service Fund	Totals	General Fund	Debt Service Fund	Totals
ASSETS						
Cash and equivalents	$ 1,289,987	$ ...	$ 1,289,987	$ 933,585	$ ...	$ 933,585
Receivables, net of allowance:						
Students	13,026	...	13,026	5,770	...	5,770
Cash held by fiscal agent:						
Debt service for subsequent year	...	60,880	60,880	...	60,416	60,416
Debt service reserves	...	341,420	341,420	...	340,233	340,233
Replacement reserves	...	137,950	137,950	...	200,230	200,230
Due from other governments	26,443	...	26,443	41,884	...	41,884
TOTAL ASSETS	$ 1,329,456	$ 540,250	$ 1,869,706	$ 981,239	$ 600,879	$ 1,582,118
LIABILITIES						
Accounts payable	$ 17,533	$ ...	$ 17,533	$ 12,398	$ ...	$ 12,398
Accrued salaries and related costs	355,229	...	355,229	380,491	...	380,491
Total liabilities	372,762	...	372,762	392,889	...	392,889
FUND BALANCES						
Restricted for:						
Specific programs	480	...	480	480	...	480
Educational commitment	32,995	...	32,995	32,995	...	32,995
Debt service	...	402,300	402,300	...	400,649	400,649
Replacement reserves	...	137,950	137,950	...	200,230	200,230
Unassigned	923,219	...	923,219	554,875	...	554,875
Total fund balances	956,694	540,250	1,496,944	588,350	600,879	1,189,229
TOTAL LIABILITIES AND FUND BALANCES	$ 1,329,456	$ 540,250	$ 1,869,706	$ 981,239	$ 600,879	$ 1,582,118

The accompanying notes are an integral part of the basic financial statements

CAMPUS COMMUNITY SCHOOL

RECONCILIATION OF THE BALANCE SHEETS OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF NET POSITION

As of June 30, 2017 and 2016

	Governmental Funds	
	2017	2016
Amounts reported for governmental activities in the statement of net position are different because:		
Fund balances-total governmental funds	**$ 1,496,944**	**$ 1,189,229**
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements. At June 30, 2017 and 2016, the total cost of capital assets is $7,078,657 and $7,078,657, and related accumulated depreciation is $2,476,495 and $2,300,444, respectively.	4,602,162	4,778,213
Compensated absences are not due and payable for the periods reported, and are therefore not reported in the fund financial statements.	(79,890)	(64,177)
Bond payable is not due and payable in the periods reported; therefore, the bond payable is not reported in the governmental funds.	(3,480,000)	(3,560,000)
Some liabilities, including net pension obligations, are not due and payable in the periods reported and, are therefore not reported in the fund financial statements:		
Net pension liability	(1,572,687)	(695,710)
Deferred outflows and inflows or resources related to pension activity are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pension activity of $694,377 and $190,678 consist of $513,500 and $0 of deferred outflows of resources pension expense and $180,877 and $190,678 of deferred outflows for the 2017 and 2016 employer contributions related to the pension, respectively.	694,377	190,678
Deferred inflows of resources related to pension activity.	(143,897)	(337,974)
Net position-governmental activities	**$ 1,517,009**	**$ 1,500,259**

The accompanying notes are an integral
part of the basic financial statements

CAMPUS COMMUNITY SCHOOL
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES-GOVERNMENTAL FUNDS
Years Ended June 30, 2017 and 2016

	Governmental Funds					
	2017			2016		
	General Fund	Debt Service Fund	Totals	General Fund	Debt Service Fund	Totals
REVENUES						
Charges to school districts	$ 570,979	$ ...	$ 570,979	$ 572,549	$ ...	$ 572,549
State funding	3,472,159	...	3,472,159	3,480,993	...	3,480,993
Federal funding	628,682	...	628,682	587,261	...	587,261
Earnings on cash and equivalents	12,182	2,275	14,457	6,327	510	6,837
Food services fees	34,869	...	34,869	37,044	...	37,044
Program services fees	17,565	...	17,565	12,535	...	12,535
Contributions	1,269	...	1,269	2,142	...	2,142
Miscellaneous revenues	6,600	...	6,600	6,647	...	6,647
Total revenues	4,744,305	2,275	4,746,580	4,705,498	510	4,706,008
EXPENDITURES						
Current:						
Instructional services	3,524,325	...	3,524,325	3,640,893	...	3,640,893
Supporting services:						
Operation and maintenance of facilities	195,720	...	195,720	144,581	...	144,581
Transportation	217,659	...	217,659	227,240	...	227,240
Food services	163,244	...	163,244	155,959	...	155,959
Capital outlay	2,679	...	2,679	210	...	210
Debt service:						
Principal	...	80,000	80,000	...	80,000	80,000
Interest	...	255,238	255,238	...	259,838	259,838
Total expenditures	4,103,627	335,238	4,438,865	4,168,883	339,838	4,508,721
EXCESS (DEFICIT) REVENUES OVER EXPENDITURES	640,678	(332,963)	307,715	536,615	(339,328)	197,287
OTHER FINANCING SOURCES (USES)						
Operating transfers	(335,304)	335,304	...	(339,311)	339,311	...
Replacement reserves transfer	62,970	(62,970)	...	...	...	...
Total other financing sources (uses)	(272,334)	272,334	...	(339,311)	339,311	...
NET CHANGE IN FUND BALANCES	368,344	(60,629)	307,715	197,304	(17)	197,287
FUND BALANCES						
Beginning of year	588,350	600,879	1,189,229	391,046	600,896	991,942
End of year	$ 956,694	$ 540,250	$ 1,496,944	$ 588,350	$ 600,879	$ 1,189,229

The accompanying notes are an integral part of the basic financial statements

CAMPUS COMMUNITY SCHOOL

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES

Years Ended June 30, 2017 and 2016

			Governmental Funds	
			2017	2016
Amounts reported for governmental activities in the statement of activities are different because:				
Net change in fund balances-total governmental funds			**$ 307,715**	**$ 197,287**
In the governmental funds financial statements, capital outlay is reported as an expenditure. However, in the government-wide statement of activities, assets with an initial, individual cost of $5,000 [land improvement $10,000] or more are capitalized and the cost is allocated over the estimated useful lives of the capital assets and reported as depreciation expense. The following table reflects the amount by which depreciation expense either exceeds or is less than capital outlay capitalized as capital assets for the periods presented.				
Description	2017	2016		
Capital assets	$ ...	$ ...		
Depreciation expense	(176,051)	(177,956)	(176,051)	(177,956)
In the government-wide statement of activities, certain operating expenses such as compensated absences [vacation] are measured by the amounts earned during the periods. In the governmental funds, however, expenditures for these items are measured by the amount of the financial resources used [essentially, amounts actually paid]. Compensated absences liability (increased) or decreased for the periods presented.			(15,713)	(8,977)
Governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Also, the governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due; and in the statement of activities, interest is recognized as an expense as it accrues, regardless of when due.			80,000	80,000
Governmental funds report School pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.				
Description	2017	2016		
School pension contributions	$ 180,877	$ 190,678		
Cost of benefits earned net of contributions [pension expense]	(360,078)	(137,882)	(179,201)	52,796
Change in net position-governmental activities			**$ 16,750**	**$ 143,150**

The accompanying notes are an integral
part of the basic financial statements

CAMPUS COMMUNITY SCHOOL
STATEMENTS OF FIDUCIARY NET POSITION-AGENCY FUND
As of June 30, 2017 and 2016

	Student Activities Fund	
	2017	2016
ASSETS		
Cash and equivalents	$ 24,627	$ 24,834
LIABILITIES		
Due to student and other groups	$ 24,627	$ 24,834

The accompanying notes are an integral
part of the basic financial statements

NOTE 1 - NATURE OF THE GOVERNMENT

Campus Community School is organized under Title 14, Chapter 5 of the State of Delaware Code. The Charter School Law grants authority for independent public schools to be created for the purpose of increasing choices for parents of public school students and increasing academic performance. A charter school is an independent public school governed by an independent board of directors. In Delaware, charter schools have the same basic standing as a school district with some exceptions – most notably, they cannot levy taxes. To encourage innovation, charter schools operate free from a number of State laws and regulations. Charter schools are funded similarly to other public schools in that state and local funds are allocated for each enrolled student. State funds are not provided for charter school facilities. Charter schools may charge for selected additional services consistent with those permitted by the school districts. Because charter schools receive local, state, and federal funding, they may not charge tuition.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Campus Community School [the "School"] which is located within the City limits of Dover, Delaware have been prepared in conformity with U.S. generally accepted accounting principles as applied to local governmental units. The GASB [Governmental Accounting Standards Board] is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the School are as follows:

Reporting Entity

The School is the primary government and is considered a component unit of the State of Delaware. A component unit, although a legally separate entity, is, in substance, part of the operations of the State of Delaware. The School has no component units for which it is considered responsible or financially accountable.

Government-Wide and Fund Financial Statements

The government-wide financial statements [statement of net position and statement of activities] report financial information on all of the nonfiduciary activities of the School. For the most part, the effects of interfund activity have been removed from the financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct *expenses* are those that are clearly identifiable with a specific program. *Program revenues* include charges to students or other third parties who purchase or directly benefit from the goods and services provided, and grants and contributions that are restricted to meeting the operating or capital requirements of a function.

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

Measurement Focus, Accounting Basis, 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 financial statements of the fiduciary fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Charges to school districts are recognized as revenues in the year for which they are billed. Grants and similar items are recognized as revenue as soon as all of the eligibility requirements imposed by the provider are met.

The **governmental fund financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the School generally considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, and postemployment healthcare benefits, are recorded only when payment is due.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Measurement Focus, Accounting Basis, and Financial Statement Presentation [continued]

Charges to school districts, contributions, and interest earned associated with the fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the fiscal year. Generally, all other revenue items are considered to be measurable and available only when the School receives cash.

The School reports the following major governmental funds:

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

- The ***debt service fund*** is maintained to accumulate resources for the payment of interest and principal on long-term general obligation debt and the accumulation of replacement reserves for building maintenance.

Additionally, the School reports the following fund type:

- The ***student activities agency fund*** [a fiduciary fund] accounts for assets held on behalf of student groups. Since the agency fund is custodial in nature, the fund does not present results of operations.

Amounts reported as program revenues include 1) charges to students for special fees, materials, supplies, 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.

Cash and Equivalents

The School's cash and 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.

Cash Held by Fiscal Agent

Cash held by fiscal agent represents funds set aside by the School to honor the trust indenture and bond agreement.

Accounts Receivable

At June 30, 2017 and 2016, the accounts receivable is reflected net of the estimated uncollectible allowance of $6,080 and $8,605, respectively. The allowance is based on historical data established according to experience and other factors which in the judgment of management deserves recognition in estimating possible future losses.

Interfund Balances

Activities between funds that are representative of lending arrangements outstanding at the end of the fiscal year are referred to as either "interfund balances" [current portion] or "interfund advances" [noncurrent]. The School has no such activities for the years presented.

Advances between the funds reported in the fund financial statements, when present, are offset by assigned fund balances in the governmental funds to indicate that the advances are not available for appropriation and are not expendable available financial resources.

Prepayments and Other Assets

Payments made to vendors for services [e.g., insurance, rents, etc.] that will benefit periods beyond the current period are recorded as prepayments and other assets using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the period in which services are consumed. At the fund reporting level, an equal amount of fund balance is classified as nonspendable, as this amount is not available for appropriation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Capital Assets

Capital assets, which include a building and improvements, and furniture and equipment, are reported in the government-wide financial statements. The School defines a capital asset as an asset with an initial, individual cost of $5,000 [land improvement $10,000] or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated cost if purchased or constructed. Donated capital assets are recorded at estimated fair value as of the date of donation. The cost of normal maintenance and repairs that do not add to the value or materially extend the life of an asset is not capitalized. Major outlays for capital assets are capitalized as projects are constructed; however, the interest cost incurred during construction is not capitalized.

Building and improvements, and furniture and equipment are depreciated using the straight-line method over their estimated useful lives ranging between 5 to 40 years.

Compensated Absences Liability

Vacation pay, plus related payroll taxes, is accrued when incurred in the government-wide financial statements. However, in the governmental funds, a liability is reported when the amount has matured, for example, as a result of an employee’s resignation or retirement.

Vacation-Twelve-month employees can accumulate up to 42 days of vacation. Days in excess of 42 are dropped as of July 1 of each year. Employees are paid for unused vacation meeting the criteria upon termination, retirement, etc. at the current rate of pay.

Sick Leave-Sick leave is earned as follows: 10 days for ten-month employees, 11 days for eleven-month employees, and 12 days for twelve-month employees. Unused sick days shall be accumulated to the employee’s credit without limit. Compensation for accumulated sick days is paid when an employee [a] qualifies and applies for State pension is paid at a rate of 50% of the per diem rate of pay not to exceed 90 days or [b] at death, payment is made to the employee’s estate at a rate of one day’s pay for each day of unused sick leave not to exceed 90 days.

Long-term Obligations

In the government-wide financial statements, long-term debt is reported as a liability. When present, the bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest rate method.

In the fund financial statements, the governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources, and the premiums received and discounts paid on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures, except for refunding paid from the issuance proceeds which are reported as other financing sources.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources [expense/expenditure] until that period. The School has one item that qualifies for reporting in this category. This item is deferred contributions and changes in proportion related to the School’s pension activity. The amount is reported in the statement of net position and is deferred and amortized over a six-year period.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources [revenue] until that time. The School has one item that qualifies for reporting in this category; that item is the deferred investment earnings related to pension activity. This item is reported only in the statement of net position. These amounts are deferred and recognized as an inflow from resources in the period that the amounts become available.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Encumbrance Accounting

Encumbrance accounting is employed by the governmental funds of the School. Encumbrances [e.g., purchase orders and contracts] outstanding at the year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments are reappropriated and honored during the subsequent year. At June 30, 2017 and 2016, the School has no encumbrances outstanding.

Net Position and Fund Equity

The net position, in the government-wide financial statements, is reported in three categories: net position invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The net position invested in capital assets represents the capital assets less accumulated depreciation less outstanding principal of the related debt. The net position invested in capital assets does not include any unspent proceeds of capital debt. Restricted net position represents net assets restricted by parties outside of the School [such as creditors, grantors, contributors, laws, and regulations of other governments] and includes unspent awards not considered refundable advances. All other net position is considered unrestricted.

The School follows the requirements of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for its governmental funds. Under the GASB Statement, fund balances are required to be reported according to the following classifications:

- **Nonspendable fund balance-**Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes prepaid amounts, inventories, assets held for sale, and long-term receivables.

- **Restricted fund balance-**Constraints placed on the use of these amounts are either externally imposed by creditors [such as debt covenants], grantors, contributors, or other governments; or imposed by law through constitutional provisions or enabling legislation.

- **Committed fund balance-**Amounts that can only be used for specific purposes because of a formal action [resolution] by the School's highest level of decision-making authority: the School Board.

- **Assigned fund balance-**Amounts that are constrained by the School's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the School Board, or by an official to whom that authority has been given. With the exception of the general fund, this is the residual fund balance classification for all the governmental funds with positive balances.

- **Unassigned fund balance-**This is the residual classification of the general fund. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When both restricted and unrestricted resources are available for use, it is the policy of the School to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates

Preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenses or expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Accounting System

In accordance with the State of Delaware Charter Law, the School is required to maintain its accounting system with the Delaware Division of Accounting and as such the School uses the State codes and code structure identified in the State's *Budget and Accounting Policy Manual*.

Income Tax Status

The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Service [IRS] Code. However, income from certain activities not directly related to the School's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the School qualifies for the charitable contribution deduction under IRS Section 170(b)(1)(A) and as such has been classified as an organization that is not a private foundation.

The Financial Accounting Standards Board on statements pertaining to the *Accounting for Uncertainty in Income Taxes* recognized in the financial statements prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return. The federal returns of the School for the three prior fiscal years are subject to examination by the IRS, generally for three years after they are filed. The tax positions taken by management for these years are based on clear and unambiguous tax law; and management has a high level of confidence in the technical merits of the positions taken. The School has no uncertain tax positions that qualify for recognition in the financial statements.

NOTE 3 – CASH AND EQUIVALENTS

The School's deposits [cash and equivalents] consist of the following:

Deposits Held by the State of Delaware

At June 30, 2017 and 2016, the School has cash and equivalents of $1,274,754 and $921,811, respectively. These deposits are part of the State investment pool that is controlled and administered by the State Treasurer's Office in Dover, Delaware, and all investment decisions are made by the same State office. The deposits are considered to be highly liquid and available for immediate use and, thus, are reflected as cash equivalents in the financial statements. The deposits held by the State's investment pool, an internal investment pool, are specifically identified for the School; however, the credit risk cannot be categorized for these deposits. Credit risk for such deposits depends on the financial stability of the State of Delaware. The State reports that its investment securities are stated at quoted market prices, except that investment securities with remaining maturity at the time of purchase [one year or less] are stated at cost or amortized cost.

Deposits Held by Financial Institutions

At June 30, 2017 and 2016, the reported amount of deposits maintained by the School outside of the State Treasurer's Office is $39,861 [book value] and $36,608 [book value], respectively. The deposits of $47,039 and $37,264 at June 30, 2017 and 2016], respectively, held by the one financial institution are insured by the Federal Deposit Insurance Corporation [FDIC]. Any excess of FDIC insurance is exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned to the School.

Deposits Held by Fiscal Agent

According to the trust indenture and bond agreement with BNY Mellon Bank, the School sets aside money for payments required by the Bond Issue, Series 2011. As of June 30, 2017 and 2016, the balance of the fund and the bank balance is $540,250 and $600,879, respectively, all of which was restricted for debt service, debt service reserves, and replacement reserves. The financial instruments which potentially subject the School to concentrations of credit risk are principally cash and equivalents. These financial instruments consist of investments held by financial institutions in FDIC insured Money Market accounts or U.S. Treasury instruments backed by the U.S. Government.

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Amounts due from other governments represent receivables for revenues earned by the School. At June 30, the intergovernmental receivables are:

Description	2017	2016
State of Delaware	$ ...	$ ...
Passed through the State of Delaware:		
Local school districts	...	...
Federal government-Department of Agriculture	...	...
Federal government-Department of Education	26,443	41,884
Total intergovernmental receivables	26,443	41,884
Less: Allowance for uncollectible amounts	...	...
Total amount due from other governments	$ 26,443	$ 41,884

NOTE 5 - CAPITAL ASSETS

The following tables summarize the annual changes to capital assets:

	As of and Year Ended June 30, 2017			
Description	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets, not depreciated:				
Land	$ 150,000	$ ...	$ ...	$ 150,000
Total capital assets, not being depreciated	150,000	...	...	150,000
Capital assets, being depreciated:				
Building and improvements	6,872,929	...	...	6,872,929
Furniture and equipment	55,728	...	...	55,728
Totals	6,928,657	...	...	6,928,657
Less accumulated depreciation:				
Building and improvements	2,251,741	171,422	...	2,423,163
Furniture and equipment	48,703	4,629	...	53,332
Totals	2,300,444	176,051	...	2,476,495
Total capital assets, being depreciated	$4,628,213	$ (176,051)	$ ...	$4,452,162

	As of and Year Ended June 30, 2016			
Description	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets, not depreciated:				
Land	$ 150,000	$ ...	$ ...	$ 150,000
Total capital assets, not being depreciated	150,000	...	...	150,000
Capital assets, being depreciated:				
Building and improvements	6,872,929	...	...	6,872,929
Furniture and equipment	55,728	...	...	55,728
Totals	6,928,657	...	...	6,928,657
Less accumulated depreciation:				
Building and improvements	2,080,319	171,422	...	2,251,741
Furniture and equipment	42,169	6,534	...	48,703
Totals	2,122,488	177,956	...	2,300,444
Total capital assets, being depreciated	$4,806,169	$ (177,956)	$ ...	$4,628,213

NOTE 6 - LONG-TERM DEBT OBLIGATIONS

The following table summarizes annual changes in long-term debt obligations:

	As of and Year Ended June 30, 2017				
	Long-Term Obligations				Due
Description	Beginning Balance	Additions	Deletions	Ending Balance	Within One Year
General obligation:					
Revenue bonds-Series 2011	$3,560,000	$ ...	$ 80,000	$3,480,000	$ 85,000
Other long-term debt:					
Compensated absences	64,177	15,713	...	79,890	...
Total governmental activity	$3,624,177	$ 15,713	$ 80,000	$3,559,890	$ 85,000

The compensated absences liability for governmental activities is generally liquidated with general fund resources.

Revenue Bonds, Series 2011

On May 1, 2011, Kent County, Delaware issued Variable Rate Demand/Fixed Rate Refunding Revenue Bonds, Series 2011 in the amount of $3,930,000. The School used the proceeds of the revenue bonds to [1] pay off the bonds, Series 2002; [2] renovate existing buildings located at 310-334 and 346-350 Pear Street, Dover, Delaware, into classrooms, other academic areas, a gymnasium, a lunchroom and other accessory school uses; and [3] pay for costs related to the issuance of the revenue bonds. The revenue bonds were issued pursuant to a Trust Indenture dated May 1, 2011, between Kent County and BNY Mellon, as trustee. Kent County loaned the proceeds of the revenue bonds to Campus Community School.

The revenue bonds are to be repaid over 27 years with final payment due and redemption of the bonds through 2037. The interest rate is 5.75 percent starting with fiscal year 2012, and 7.375 percent starting with fiscal year 2022. The revenue bonds are secured with the land, building and improvements located at Pear Street, Dover, Delaware.

Maturities of the revenue bond payable, including interest, are as follows:

Years Ending June 30	Principal	Interest	Total
2018	$ 85,000	$ 250,638	$ 335,638
2019	90,000	245,750	335,750
2020	95,000	240,575	335,575
2021	100,000	235,113	335,113
2022	110,000	229,363	339,363
2023-2027	675,000	1,014,063	1,689,063
2028-2032	960,000	725,700	1,685,700
2033-2037	1,365,000	316,388	1,681,388
Total bonds	3,480,000	3,257,590	6,737,590
Less: Current portion	85,000	250,638	335,638
Long-term portion	$ 3,395,000	$ 3,006,952	$ 6,401,952

NOTE 7 - PENSION PLAN

The School’s pension plan is part of the State Employees' Pension Plan [the Plan] which is a cost sharing multiple-employer defined benefit pension plan established in the Delaware Code. The State of Delaware General Assembly is responsible for setting benefits and contributions and amending the Plan’s provisions; administrative rules and regulations are adopted and maintained by the Board of Pension Trustees [the Board]. The management of the Plan is the responsibility of the Board, which is comprised of five members appointed by the Governor and confirmed by the State Senate, plus two exofficio members. The daily operation is the responsibility of the Delaware Office of Pensions. Although most of the assets of the Plan are commingled with other plans for investment purposes, the Plan's assets may be used only for the payment of benefits to the members of the Plan in accordance with the terms of the Plan. The following is a brief description of the Plan in effect at June 30, 2016 and 2015. For a more complete description, refer to the Delaware Public Employee’s Retirement System [DPERS] CAFR.

NOTE 7 - PENSION PLAN [continued]

Separately issued financial statements for DPERS are available from the State of Delaware pension office at: McArdle Building, Suite 1; 860 Silver Lake Boulevard; Dover, Delaware 19904.

General Information About the Plan

Plan Description and Eligibility: The State Employees' Pension Plan covers virtually all full-time or regular part-time employees of the State, including employees of other affiliated entities such as the School.

There are two tiers within the Plan: 1) Employees hired prior to January 1, 2012 [Pre-2012], and 2) Employees hired on or after January 1, 2012 [Post-2011].

Service Benefits: Final average monthly compensation [employee hired Post-2011 may not include overtime in pension compensation] multiplied by 2.0% and multiplied by years of credited service prior to January 1, 1997, plus final average monthly compensation multiplied by 1.85% and multiplied by years of credited service after December 31, 1996, subject to minimum limitations. For the Plan, final average monthly compensation is the monthly average of the highest three periods of 12 consecutive months of compensation.

Vesting: Pre-2012 date of hire: 5 years of credited service. Post-2011 date of hire: 10 years of credited service.

Retirement: Pre-2012 date of hire: age 62 with 5 years of credited service; age 60 with 15 years of credited service; or after 30 years of credited service at any age. Post-2011 date of hire: age 65 with at least 10 years of credited service; age 60 with 20 years of credited service; and 30 years of credited service at any age.

Disability Benefits: Pre-2012 date of hire: same as Service Benefits. The employee must have 5 years of credited service. In lieu of disability pension benefits, over 90% of the members of the Plan opted into a Disability Insurance Program offered by the State effective January 1, 2006. Post-2011 date of hire - in the Disability Insurance Program.

Survivor Benefits: If the employee is receiving a pension, the eligible survivor receives 50% of pension [or 67.70% with 2% reduction, 75% with 3% reduction, or 100% with 6% reduction of benefit]; if employee is active with at least 5 years of credited service, eligible survivor receives 75% of the pension the employee would have received at age 62.

Burial Benefit: $7,000 per member.

Contributions:
- Employer: Determined by the Board. Employer contributions were 9.58% and 9.56% of earnings for fiscal years 2016 and 2015, respectively.
- Pre-2012 date of hire Member: 3% of earnings in excess of $6,000.
- Post-2011 date of hire Member: 5% of earnings in excess of $6,000.

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

At June 30, 2017 and 2016, the School reported a pension liability of $1,572,687 and $695,710, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The School’s proportion of the net pension liability was based on a projection of the School’s long-term share of contributions to the pension plan relative to the total projected contributions of the State and all participating schools, actuarially determined. At June 30, 2016 and 2015, the School’s proportion was 0.1044 and 0.1046 percent, which was a decrease of 0.0002 and 0.0092 percent from its proportion measured as of June 30, 2015 and 2014, respectively.

NOTE 7 - PENSION PLAN [continued]

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

As a result of its requirement to contribute to DPERS, the School recognized pension expense (benefit) of $360,078 and $137,882 for years ended June 30, 2017 and 2016, respectively. At June 30, 2017 and 2016, the School reported deferred outflows of resources and deferred inflows of resources from the following sources as a result of its requirement to contribute to DPERS:

	Deferred Resources			
	2017		2016	
Description	Outflows	Inflows	Outflows	Inflows
Differences between expected and actual experience	$ ...	$ 28,748	$ ...	$ 13,005
Changes of assumptions	121,362	...	...	...
Net difference between projected and actual earnings on pension plan investments	392,138	...	...	177,265
Contributions subsequent to the measurement date	180,877	...	190,678	...
Change in proportion and differences between School contributions and proportionate share of contributions	...	115,149	...	147,704
Totals	$ 694,377	$ 143,897	$ 190,678	$ 337,974

$180,877 and $190,678 reported as deferred outflows of resources related to the pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the years ended June 30, 2018 and 2017, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

Years Ending June 30	2017	2016
2017	$ ...	$ 67,595
2018	(93,528)	67,595
2019	(93,528)	67,595
2020	(93,528)	67,595
2021	(93,528)	67,594
2022	4,509	...
Totals	$ (369,603)	$ 337,974

Actuarial assumptions: The total pension liability in the June 30, 2016 and 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Percentages	
Description	2016	2015
Inflation	2.50%	3.00%
Projected salary increases	2.50% plus merit	3.50% to 11.50%
Investment rate of return	7.20%, net of pension investment expense	7.20%, net of pension investment expense
Cost-of-living adjustments	0.00%	n/a

Key assumption changes include a reduction in the inflation assumption from 3.00% to 2.50% and a change to use updated mortality tables. Mortality assumptions are based on the RP-2014 tables with gender adjustments for healthy annuitants and disabled retirees and an adjusted version on MP-2015 mortality improvement scale on a fully generational basis.

NOTE 7 - PENSION PLAN [continued]

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

The total pension liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, and employee demographic behavior in future years. The assumptions used were based on the results of an actuarial experience study conducted in 2016, details of which are provided in the presentation of that study to the Board of Trustees. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates the larger the impact on future financial statements.

Projected benefit payments do not include the effects of projected ad hoc cost-of-living adjustments [ad hoc COLAs] as they are not substantively automatic. The primary considerations relevant to making this determination include the historical pattern of granting the changes and the consistency in the amounts of the changes.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return [expected returns, net of investment expense and inflation] are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected Plan investments, and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's current and expected asset allocation is summarized in the following table:

	Long-Term Expected Real Rate of Return		Asset Allocation	
Asset Class	2016	2015	2016	2015
Domestic equity	5.70%	5.70%	34.00%	36.50%
International equity	5.70%	5.70%	14.70%	16.50%
Fixed income	2.00%	2.00%	25.00%	22.60%
Alternative investments	7.80%	7.80%	20.90%	19.60%
Cash and equivalents	0.00%	0.00%	5.40%	4.80%

Discount rate: The discount rate for the Plan used to measure the total pension liability was 7.20% for both periods presented. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at rates determined by the Board of Pension Trustees, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School’s proportionate share of the net pension liability to changes in the discount rate: The following presents the School’s proportionate share of the net pension liability calculated using the discount rate of 7.20%, as well as what the School’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Plan	1% Decrease [6.20%]	Discount Rate [7.20%]	1% Increase [8.20%]
Employees of Campus Community School:			
Fiscal year 2017	$ 2,733,526	$ 1,572,687	$ 596,695
Fiscal year 2016	$ 1,571,837	$ 695,710	$ (331,176)

NOTE 8 - COMMITMENTS AND CONTINGENCIES

In the normal course of business, there are outstanding various commitments and contingent liabilities in addition to the normal encumbrances for the purchase of goods and services. The School does not anticipate significant losses from these transactions.

Government Awards

The School receives certain federal and state grant awards. The disbursement of funds received under these grants generally requires compliance with terms and conditions specified in grant agreements and is generally subject to audit by the grantors or their representatives. No audits were conducted for the years presented. Disallowed claims resulting from such audits, if any, could become a liability of the School. The School's management believes that such disallowances, if any, would not be significant to the financial statements.

Educational Commitment

At June 30, 2017 and 2016, the School is committed in providing educational cost reimbursements to a maximum of $32,995 and $32,995, respectively. The commitment expires April 14, 2021 whether or not reimbursements are requested.

Leasing Arrangements

The School has leasing arrangements for certain copier equipment requiring a total monthly payment of $554.59 [$436.06 and $118.53] for the lease period of 36 months. The lease arrangements expire July of 2018.

Litigation

Two potential claims are pending against the School. In the opinion of School management and legal counsel, the potential losses, if any, on the claims are not yet determinable since the claims are in the early stages; therefore, the financial statement impact cannot be determined at this time.

NOTE 9 - RISK MANAGEMENT

The School purchases commercial insurance policies in response to risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; injuries to employees; or acts of God. The premium payments for the insurance policies are recorded as expenditures/expenses of the School; and the insurance settlements did not exceed insurance coverage for the years presented.

NOTE 10 - GASB STATEMENT IMPLEMENTATION

The School has implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of the Statement is to improve financial reporting by [1] raising the category of GASB *Implementation Guides* in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; [2] emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and [3] requiring consideration of consistency with GASB *Concepts and Statements* when evaluating accounting treatments specified in nonauthoritative literature.

NOTE 11 - EVALUATION OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the auditor's report, the date on which the financial statements were available to be issued. Management has determined that no additional disclosures or adjustments are necessary to the financial statements.

Required Supplementary Information [RSI] Section

CAMPUS COMMUNITY SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges to school districts	$ 583,525	$ 603,521	$ 570,979	$ (32,542)
State funding	3,516,900	3,472,159	3,472,159	...
Federal funding-education	325,450	323,474	511,292	187,818
Federal funding-food service	135,000	154,946	117,390	(37,556)
Earnings on cash and equivalents	...	...	12,182	12,182
Food services fees	...	...	34,869	34,869
Program services fees	...	...	17,565	17,565
Contributions	...	...	1,269	1,269
Miscellaneous revenues	...	...	6,600	6,600
Total revenues	4,560,875	4,554,100	4,744,305	190,205
EXPENDITURES				
Current:				
Salaries	1,877,458	1,820,797	1,795,236	25,561
Employment costs	1,039,405	1,016,887	1,005,877	11,010
Travel	5,000	5,373	1,327	4,046
Contracted services	230,900	150,898	162,954	(12,056)
Communications	2,500	1,697	3,970	(2,273)
Public utility services	100,000	89,053	88,348	705
Insurance	20,000	27,242	27,243	(1)
Transportation	198,756	174,935	175,887	(952)
Land/Building/Facilities	8,300	7,975	8,225	(250)
Repairs and maintenance	47,000	9,274	71,904	(62,630)
Supplies and materials	132,000	98,864	85,441	13,423
Food services	135,000	136,450	163,244	(26,794)
Contingencies	84,709	...	...	...
Capital outlay	5,000	2,933	2,679	254
Debt service	335,237	335,304	335,304	...
Federal expenditures	325,450	323,474	511,292	(187,818)
Total expenditures	4,546,715	4,201,156	4,438,931	(237,775)
EXCESS (DEFICIT) REVENUES OVER EXPENDITURES	14,160	352,944	305,374	(47,570)
OTHER FINANCING SOURCES (USES)				
Operating transfers	...	...	...	...
Replacement reserves transfer	...	...	62,970	62,970
Total other financing sources (uses)	...	...	62,970	62,970
NET CHANGE IN FUND BALANCES	14,160	352,944	368,344	15,400
FUND BALANCES				
Beginning of year	...	...	588,350	588,350
End of year	$ 14,160	$ 352,944	$ 956,694	$ 603,750

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School annually adopts a budget for the general fund. The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. Budgets for the governmental funds are presented on the modified accrual basis of accounting. Accordingly, the accompanying budgetary comparison schedule for the general fund presents actual expenditures in accordance with the accounting principles generally accepted in the United States of America on a basis consistent with the legally adopted budgets as amended. Generally, unexpended appropriations on annual budgets lapse at the end of each fiscal year.

Material Violations
There were no material violations of the annual appropriated budget for the general fund for the current fiscal year.

CAMPUS COMMUNITY SCHOOL

SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

As of and Years Ended June 30,

	2017	2016	2015
School’s proportion of net pension liability (asset)	0.1044%	0.1046%	0.1138%
School’s proportionate share of net pension liability (asset)	$ 1,572,687	$ 695,710	$ 419,116
School’s covered-employee payroll	$ 2,108,160	$ 2,100,965	$ 2,194,312
School’s proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	74.60%	33.11%	19.10%
Plan’s fiduciary net position as percentage of total pension liability	84.11%	92.67%	95.80%

Note to Schedule:

The amounts presented above are determined as of June 30th of each preceding year.

CAMPUS COMMUNITY SCHOOL
SCHEDULES OF PENSION CONTRIBUTIONS
Years Ended June 30,

	2017	2016	2015
Contractually required contribution	$ 180,877	$ 190,678	$ 186,452
Contributions in relation to contractually required contribution	180,877	190,678	186,452
Annual contribution (deficiency) excess	$ ...	$ ...	$ ...
School covered-employee payroll	$ 2,072,745	$ 2,108,160	$ 2,100,965
Contributions as percentage of covered-employee payroll	8.73%	9.05%	8.87%

Supplementary Information Section

CAMPUS COMMUNITY SCHOOL
BALANCE SHEETS-GENERAL FUND
As of June 30, 2017 and 2016

	2017				2016			
	State Fund	Local Fund	Federal Fund	Total General Fund	State Fund	Local Fund	Federal Fund	Total General Fund
ASSETS								
Cash and equivalents	$ 930	$1,289,057	$ ...	$1,289,987	$ 1,276	$ 932,309	$ ...	$ 933,585
Receivables, net of allowance:								
Students	...	13,026	...	13,026	...	5,770	...	5,770
Due from other governments	...	382	26,061	26,443	...	...	41,884	41,884
TOTAL ASSETS	$ 930	$1,302,465	$ 26,061	$1,329,456	$ 1,276	$ 938,079	$ 41,884	$ 981,239
LIABILITIES								
Accounts payable	$ 13,972	$ 289	$ 3,272	$ 17,533	$ 10,813	$ 402	$ 1,183	$ 12,398
Accrued salaries and related costs	...	332,440	22,789	355,229	...	339,790	40,701	380,491
Total liabilities	13,972	332,729	26,061	372,762	10,813	340,192	41,884	392,889
FUND BALANCES (DEFICIT)								
Restricted for:								
Specific programs	...	480	...	480	...	480	...	480
Educational commitment	...	32,995	...	32,995	...	32,995	...	32,995
Unassigned	(13,042)	936,261	...	923,219	(9,537)	564,412	...	554,875
Total fund balances	(13,042)	969,736	...	956,694	(9,537)	597,887	...	588,350
TOTAL LIABILITIES AND FUND BALANCES	$ 930	$1,302,465	$ 26,061	$1,329,456	$ 1,276	$ 938,079	$ 41,884	$ 981,239

CAMPUS COMMUNITY SCHOOL
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES-GENERAL FUND
Years Ended June 30, 2017 and 2016

	2017				2016			
	State Fund	Local Fund	Federal Fund	Total General Fund	State Fund	Local Fund	Federal Fund	Total General Fund
REVENUES								
Charges to school districts	$ ...	$ 570,979	$ ...	$ 570,979	$ ...	$ 572,549	$ ...	$ 572,549
State funding	3,422,161	49,998	...	3,472,159	3,381,017	99,976	...	3,480,993
Federal funding	...	117,390	511,292	628,682	...	129,526	457,735	587,261
Earnings on cash and equivalents	...	12,182	...	12,182	...	6,327	...	6,327
Food services fees	...	34,869	...	34,869	...	37,044	...	37,044
Program services fees	...	17,565	...	17,565	...	12,535	...	12,535
Contributions	...	1,269	...	1,269	...	2,142	...	2,142
Miscellaneous revenues	...	6,600	...	6,600	...	6,647	...	6,647
Total revenues	3,422,161	810,852	511,292	4,744,305	3,381,017	866,746	457,735	4,705,498
EXPENDITURES								
Current:								
Salaries	1,733,842	61,394	260,491	2,055,727	1,711,576	166,451	255,630	2,133,657
Employment costs	942,715	63,162	95,295	1,101,172	914,659	115,242	89,033	1,118,934
Travel	1,298	29	1,107	2,434	1,590	2,232	1,582	5,404
Contracted services	136,383	26,571	88,006	250,960	163,547	29,056	64,493	257,096
Communications	3,917	53	...	3,970	3,548	146	...	3,694
Public utility services	66,237	22,111	...	88,348	72,087	12,489	...	84,576
Insurance	20,316	6,927	...	27,243	11,440	5,798	...	17,238
Transportation	175,887	...	41,772	217,659	146,906	37,104	43,230	227,240
Land/Building/Facilities	6,879	1,346	...	8,225	7,585	555	971	9,111
Repairs and maintenance	(841)	72,745	...	71,904	26,453	7,203	...	33,656
Supplies and materials	78,236	7,205	24,621	110,062	84,478	34,834	2,796	122,108
Food services	...	163,244	...	163,244	...	155,959	...	155,959
Capital outlay	2,669	10	...	2,679	210	...	...	210
Debt service:								
Interest	...	...	...	...	...	...	...	...
Principal	...	...	...	...	...	...	...	...
Total expenditures	3,167,538	424,797	511,292	4,103,627	3,144,079	567,069	457,735	4,168,883
EXCESS (DEFICIT) REVENUES OVER EXPENDITURES	254,623	386,055	...	640,678	236,938	299,677	...	536,615
OTHER FINANCING SOURCES (USES)								
Operating transfers	(258,128)	(77,176)	...	(335,304)	(233,462)	(105,849)	...	(339,311)
Replacement reserves transfer	...	62,970	...	62,970	...	...	...	...
Total other financing sources (uses)	(258,128)	(14,206)	...	(272,334)	(233,462)	(105,849)	...	(339,311)
NET CHANGE IN FUND BALANCES	(3,505)	371,849	...	368,344	3,476	193,828	...	197,304
FUND BALANCES (DEFICIT)								
Beginning of year	(9,537)	597,887	...	588,350	(13,013)	404,059	...	391,046
End of year	$ (13,042)	$ 969,736	$ ...	$ 956,694	$ (9,537)	$ 597,887	$ ...	$ 588,350

Reports Required by

Government Auditing Standards

WHISMAN GIORDANO
CERTIFIED PUBLIC ACCOUNTANTS

Building Extraordinary Relationships

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

To Members of the School Board
Campus Community School
Dover, Delaware

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Campus Community School [a component unit of the State of Delaware], as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Campus Community School's basic financial statements, and have issued our report thereon dated August 28, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Campus Community School's internal control over financial reporting [internal control] to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Campus Community School's internal control. Accordingly, we do not express an opinion on the effectiveness of Campus Community School's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Campus Community School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Whisman Giordano & Associates, LLC.
Certified Public Accountants

August 28, 2017
Newark, Delaware

SUMMARY OF AUDITOR'S RESULTS

1. The report of the independent auditor expresses unmodified opinions on the financial statements of Campus Community School.

2. No deficiencies in internal control considered material weaknesses were identified during the audit of the financial statements of Campus Community School.

3. No instances of noncompliance material to the financial statements were disclosed during the audit of Campus Community School.

FINDINGS-FINANCIAL REPORTING

None reported.

FINDINGS-COMPLIANCE AND OTHER MATTERS

None reported.

SECTION II - FINDINGS-FINANCIAL REPORTING

None reported or outstanding.

SECTION III - COMPLIANCE AND OTHER MATTERS

None reported or outstanding.