

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF THE  
MARIA L. VARISCO-ROGERS CHARTER SCHOOL  
COUNTY OF ESSEX  
NEWARK, NJ  
FOR THE YEAR  
JULY 1, 2009 – JUNE 30, 2010**

**Prepared by**

**Maria L. Varisco-Rogers Charter School**

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL, NEWARK, NJ**  
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## **INTRODUCTORY SECTION**

Maria L. Varisco-Rogers Charter School, Inc.  
233 Woodside Ave.  
Newark, NJ 07104

July 28, 2010

Honorable Chairperson and Members of the Board of Trustees  
Maria L. Varisco-Rogers Charter School, Inc.  
18 Heller Parkway; PO Box 400010  
Newark, NJ 07104

Dear Board Members:

The Comprehensive Annual Financial Report (“CAFR”) of the Maria L. Varisco-Rogers Charter School (hereinafter, the “the school”) for the fiscal year ended June 30, 2010 is hereby submitted. Responsibility for 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 is accurate in all material respects and is 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 CAFR is presented in four sections; introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District’s organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor’s report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations; and New Jersey OMB’s Circular Letter 04-04, single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the general-purpose financial statements. Information related to this single audit, including the auditor’s report on the internal control structure and compliance with applicable laws, regulation, findings and recommendations, are included in the single audit section of this report.

1. Reporting Entity And its Services:

The Maria L. Varisco-Rogers Charter School was originally granted a charter by the Commissioner of the New Jersey Department of Education on September 9, 1999. At that time, the school opened its doors to its first 32 students which consisted of 16 sixth graders and 16

seventh graders. Over the past eleven years the school has continued to grow in student and staff population; facilities and equipment; services offered; and most importantly in grades serviced, from just middle school to now include elementary level grades as well. In 2008, the school renewed its charter with the NJ DOE and opened the academic year with 214 students from third to eighth grade. In 2009, the school serviced a total of 297 students from second to eighth grade.

The goal for the 2010-2011 academic year will be to maintain 366 students enrolled from first to eighth grade.

## 2. Major Initiatives:

### A. Personnel Management:

During the 2009-2010 school year, administration continued to use the same protocol as last year to ensure that all candidates applying for a position within the school which required appropriate credentials and certification were properly credentialed and certified. Also, the school adopted and installed a new software program *CDK Personnel* which manages personnel data such as employees' credentials, certifications, attendance, etc. The school also provided its employees with professional development activities so that teachers and support staff would be able to meet the school and state requirements (100 hours and Professional Improvement Plan).

For the 2009-2010 school year, the school was able to maintain full-time employment of its current staff as well as hire additional full-time staff, which included 16 teaching staff members, a maintenance worker, a technology coordinator, 2 clerical workers, a grant writer, and an accountant. The school was also able to contract with several educational consultants for speech therapy, special educational needs, and additional reading assistance.

### B. Facilities

The school remained successful in maintaining its facilities located at 18 Heller Parkway for the school building and 233 Woodside Ave. for the administration building.

The school also signed and secured a lease for the building located at 243 Woodside Ave. in Newark, NJ 07104 which will commence on September 1, 2011.

### C. Educational Program:

In the 2009-2010 school year, the school began another phase in its revision of the school's educational program (curriculum). The school contracted with Ms. Sarah Tantillo to have a consultant visit on site and assist the principal and the staff in revising the curriculum based on Understanding by Design.

The curriculum guides include the NJCCC standards that are addressed for each section of the text that is used for the subject, suggested activities, and a scope and sequence chart to help teachers plan the year. The Principal and the teaching staff attended subject area meetings throughout the school year.

The staff decided that to remain focused on three main areas for the year: increasing students' knowledge of basic math and reading skills, improving writing, and improving critical and problem-solving skills. The Literature curriculum was expanded by implementing the use of novels and in addition to Basal Readers. Math included more emphasis on word problems and open-ended questions.

One main focus of the school is an Individualized Educational Plan. During the first month of school, teachers administer assessment tests to understand the proximal zone of each student for each subject (DRA).

The school also began the year with Ms. Sarah Tantillo coming in to conduct professional development on how to assess the students using Data Driven Instructions. Ms. Tantillo came in after the students were tested and held workshops to make sure the teachers knew how the information would help them with the students.

The principal and lead teachers both made daily observations. The principal monitored lesson plans on a weekly basis.

### D. Professional Development and Support:

Professional Development was provided for the teachers and staff members at the beginning of the 2009-2010 school year by excellent organizations such as, but not limited to, the Schillinger Group LLC and the Cutting Edge Institute for Educators LLC. Support was provided on an ongoing basis as needed.

## E. Assessment and Student Achievement:

### State Assessments

The staff at the school was responsible for preparing the students to take the state assessments and for administering the test. The Principal assigned two members of the teaching staff to be test coordinators. The test coordinators were responsible for gathering the proper testing materials, ensuring that they were handled properly (i.e. locked the NJASK material in a secure location), they trained the staff to administer the test(s), and they prepared the completed tests for checking. The Special Education teacher(s) and case manager were responsible for maintaining the IEP's of students with special needs and ensuring the special needs students were provided with the IEP recommended accommodations.

## F. Social Work:

The school Social Work Program provided the entire school community with comprehensive service delivery with the goal of maximizing student academic success. These services included:

- Student/Parent Support- individual and/or family counseling with case management services which included a service plan, group dynamics centered on improving emotional and behavioral health, social skills training which targeted the improvement of social skills such as conflict resolution, anger management and problem solving techniques, in class student observations, in class student support, and crisis intervention. These services were offered by a licensed social worker and social work interns at the BSW and MSW level from collaborating schools of social work, including Kean University and Rutgers University. Social work interns worked closely with the school case manager in monitoring student process and progress. They were key in the continuity of communication between family, school and community service providers.
- School Staff Support- staff orientations included Procedure for Referring Students for Pupil Assistance and Child Study Services. Staff benefited from social work consultation as needed using various means of communication including telephone, internet and in person.
- Child Study Team Services- The school case manager served as the case manager for students with Individualized Education Plans (IEP). In this role the case manager partnered with the special education teacher and regular education teachers to ensure proper implementation of the IEP goals and objectives.

## G. Parent / Community Involvement and Public Relations / Outreach

MLVRCS recognizes the importance of involving parents in their child's education. It has always been the school's objective to foster that relationship between parent and school. This year, the following activities were utilized in order to accomplish this objective:

- Parents were involved foremost by applying for their child's admittance into MLVRCS. Upon acceptance, parents met with the Principal for a personal interview that involved reviewing the rules and expectations of the school. MLVRCS has found this practice to be very successful as it is a strong beginning to the parent/school bond.
- Throughout the year, parent orientations, open houses and meetings were scheduled to continue to keep parents abreast about the significant events occurring at the charter school.
- Two parents were invited by the Lead Person/Executive Director to participate on the Board of Trustees. They attended all monthly and special meetings held by the Board and participated in voting.
- Parents were invited to join the students on field trips.
- Classroom newsletters, phone calls home, the school website, and monthly activity calendars were the major forms of communication with parents regarding the school.
- A parent support group was offered to the parents of MLVRCS. The support group focused on dealing with the issues that parents of children with special needs may face, i.e. child study team evaluations, different types of behavior that can be expected for different diagnoses, etc.
- A parent support group was offered to the parents within the community. The support group focused on dealing with issues that parents of children with autism may face.

### 3. Accountability

The following goals were established by the Executive Director/Lead Person:

- Expand facilities
  - For the 2011 - 2012 academic year, the school signed and secured a lease for 243 Woodside Ave. in Newark, NJ 07104 to ensure adequate space is available to accommodate the school's growing student and staff population needs.
  
- Continue partnerships
- The school continued community partnerships in Newark (CDBG grant) to provide after-school and summer services to the students.
- The school continued to strengthen the already existing partnership with FOCUS Hispanic Center's 21<sup>st</sup> Century Community Centers Learning Program.
  - Through further collaboration, the school provided additional academic and non-academic services to foster student growth in terms of achievement and personal development.
  
- Continued to update the school website.
  - While parents were introduced to the school website, the school sought to have parents rely more on the website to keep updated on school information such as, but not limited to, admissions, the school academic calendar and upcoming special events, information pertaining to the Nutrition Program, and the school's monthly newsletter.
  
- Strengthen the PTA by having provided more activities that required Parent Involvement.
  
- Increased student achievement in language arts and mathematics.
  - The school continued to provide assistance from a reading specialist and the already formed mathematics focus group will continue to be utilized. Teachers will be introduced to data-driven instruction to target and address problem areas.

### 4. Grant(s) Activities

The NCLB (No Child Left Behind) Grant and ARRA Title I was administered for use in the implementation of Professional Development workshops and activities such as special parent/student meetings and programs, as well as being used for payment of salaries for staff and administration. ARRA Title I was also utilized to implement a summer school program for the summer of 2010.

Individuals with Disabilities Education Act (IDEA) and ARRA IDEA were utilized to serve children with disabilities. The school provided early intervention, special education and related services to students with disabilities.

The CDBG Grant was utilized for the implementation of an after school program.

5. Board of Trustees:

**Major Accomplishments and Critical Policies**

In this school year the Board of Trustees gave freely of their time and effort to accomplish the following:

- Selected two teachers and two parents to perform in the role of School Grievance Committee
- Approved the implementation of a new wireless communication system to be used amongst key personnel from the administration and teaching staff.
- A new Technology Plan for 2010-2013 was approved.
- A new School Nurse was hired as well as a full-time accountant and full-time IT personnel.
- The use of a new financial system, CDK, was approved and implemented.
- A new student accountability system, Rediker was approved and implemented.
- The revised Harassment, Intimidation, and Bullying Policy was approved and implemented.

*Board Members:* There were 14 members of the board, 11 of which were voting members and three of which were Ex-Officio members. The members included community representatives, parents, a student member and professionals.

6. Internal Accounting Controls:

The management of the school is responsible for establishing and maintaining internal control 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 is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

7. Budgetary Controls:

In addition to internal accounting controls, the School maintained budgetary controls. The objective of these budgetary controls was to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Trustees and the State of New Jersey. Annual appropriated budgets were adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

*An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-*

*appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2010.*

8. Accounting Systems and Reports:

The school's accounting records reflected Generally Accepted Accounting Principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the school was organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to Financial Statements", Note 1.

9. Financial Information at Fiscal Year End:

As demonstrated by the various statements and schedules included in the financial section of this report, the school continued to meet its responsibility for sound financial management. The following schedule presents a summary of the General and Special Revenue Fund revenues for the fiscal year ended June 30, 2010.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>
Local Sources	\$ 494,911	10.3%
State Sources	<u>4,306,579</u>	<u>89.7%</u>
Total	<u>\$ 4,801,490</u>	<u>100.0%</u>

The following schedule presents a summary of General and Special Revenue Fund expenditures for the fiscal year ended June 30, 2010.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>
Current expense:		
Instruction	\$ 1,818,727	48.7 %
Undistributed Expenditures	<u>1,912,080</u>	<u>51.3</u>
Total	<u>\$ 3,730,807</u>	<u>100.00 %</u>

10. Cash Management:

The investment policy of the school was guided in large part by state statute as detailed in "Notes to Financial Statements", Note 2. The school has adopted a cash management plan that 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 a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

11. Risk Management:

The school carries adequate amounts and types of insurance coverage for all aspects of the school's operation. This coverage is also used to protect and defend personnel, board members, and students against reasonable claims due to adverse events for which the school is liable. The coverage includes, but is not limited to, general liability, property, hazard and theft, automotive, worker's compensation, and student accident.

12. Other Information:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Alex E. Krasnomowitz, Certified Public Accountant, 1025 Bloomfield Ave, West Caldwell, NJ 07006, was selected by the Maria L. Varisco-Rogers Charter School Board of Trustees to perform the audit. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act and related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

13. Acknowledgement:

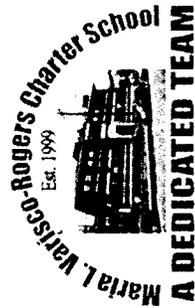
We would like to express our appreciation to the members of the Maria L Varisco Rogers Charter School for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,



Jose A. Segarra  
School Business Administrator

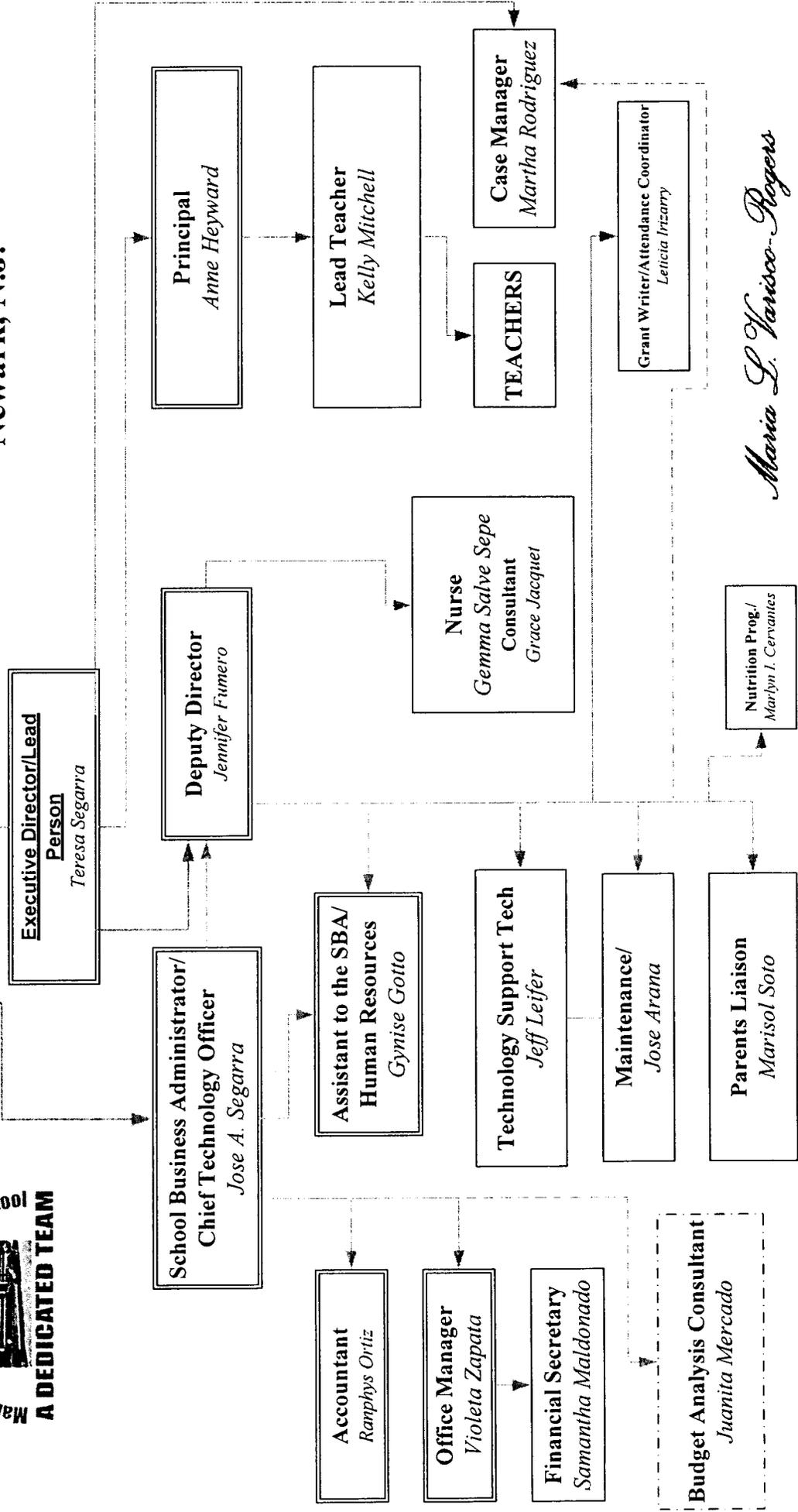
*Maria L. Varisco-Rogers  
Charter School, Inc.*



**Board of Trustees**  
 Felipe Chavana, Esq. ~ Chairman  
 Simon Bolivar-Cabrera, Secretary  
 Maritza Aratz, Treasurer  
 Torrence E. Burrowes  
 Genoveva Isona  
 Pastor Jorge Granados  
 Rosa Farias  
 Anna Jimenez-Quinones  
 Carmen Bac  
 Parent members  
 Student member

**Organizational Chart**  
 September 2009

233 Woodside Avenue  
 Newark, N.J.



*Maria L. Varisco-Rogers  
Charter School, Inc.*

# *Maria L. Varisco-Rogers Charter School*

## *2009-2010 Board of Trustees*

Felipe Chavana, Esq.  
Chairman  
5 Commerce St.  
2<sup>nd</sup> Fl.  
Newark, NJ 07102

Genoveva Isona  
Board Member  
555 Mt. Prospect Ave.  
Apt. 10A  
Newark, NJ 07104

Maritza Arauz  
Treasurer  
441-443 Broad St.  
Newark, NJ 07104

Carmen M. Baez  
Board Member  
99 Manchester Pl.  
Newark, NJ 07104

Simon Bolivar-Cabrera  
Secretary  
244 Chadwick Ave.  
Apt. 3S  
Newark, NJ 07108

Anna Jimenez-Quinones  
Board Member  
10 Elmwood Drive  
Livingston, NJ 07039

Pastor Jorge Granados  
Board Member  
34 Larkspur Lane  
Clifton, NJ 07013

Torrence E. Burrowes  
Board Member  
5 Valley Rd.  
Ringwood, NJ 07456

Maria Soto  
Parent Member  
801 Mt. Prospect Ave. Apt. 3A  
Newark, NJ 07104

Rosa Farias  
Board Member  
85 Forest Hill PKWY  
Apt. 1F  
Newark, NJ 07104

Jessica Ortiz  
Parent Member  
199 Clifton Ave.  
Newark, NJ 07104

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL  
233 WOODSIDE AVENUE  
NEWARK, NJ 07104**

**Consultants and Advisors**

**Audit Firm**

Alex E. Krasnomowitz  
Certified Public Accountant  
A Limited Liability Company  
1025 Bloomfield Avenue #2B  
West Caldwell, NJ 07006  
973-244-1093  
PSA #CS-02320

**Official Depository**

TD Bank, N.A.  
1701 Route 70 East  
Cherry Hill, NJ 08034-5400

**Attorney**

David L. Wikstrom, Esq.  
959 S. Springfield Avenue  
Springfield, NJ 07081

**FINANCIAL SECTION**

**ALEX E. KRASNOMOWITZ  
CERTIFIED PUBLIC ACCOUNTANT  
A LIMITED LIABILITY COMPANY  
1025 BLOOMFIELD AVENUE #2B  
WEST CALDWELL, NJ 07006  
(973) 244-1093**

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

**Independent Auditor's Report**

Members of the Board of Trustees  
Maria L. Varisco-Rogers Charter School Inc.  
233 Woodside Avenue  
Newark, New Jersey 07104

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Board of Trustees of the Maria L. Varisco-Rogers Charter School Inc. (the "School"), in the County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 2010, which collectively comprise the Charter School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's Board of Trustee's management. My responsibility is to express an opinion on these financial statements based on my audit.

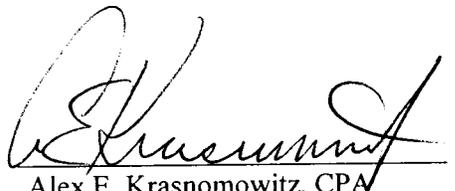
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the Unites States, and audit requirements as prescribed by the Division of 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 a 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 Maria L. Varisco-Rogers Charter School, Inc., in the County of Essex, State of New Jersey, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Accounting Standards*, I have also issued my report dated October 23, 2010, on my consideration of the MariaL.Varisco-Rogers Charter School, Inc. 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 my audit performed in accordance with *Government Auditing Standards* and important in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis information on pages 16 through 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 does 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 Maria L. Varisco-Rogers Charter School Maria L. Varisco-Rogers, Inc. financial statements taken as a whole. The introductory section, other supplementary information including combining fund financial schedules, and statistical information are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and is also not a required part of the basic 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 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

  
Alex E. Krasnomowitz, CPA  
Licensed Public School Accountant  
No. CS-02320

October 23, 2010

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

The Management Discussion and Analysis is designed to:

- A. Provide an overview of the school's financial activities for the fiscal year
- B. Identify changes in the financial position
- C. Review the basic financial statements and notes to enhance their understanding of the School's financial performance.

**Highlights**

The School's governmental activities net assets as of June 30, 2010 are \$1,934,564. A increase of 123% from the prior year net assets of \$868,466.

The total assets of governmental activities increased by \$1,066,098 primarily due to the increase in the number of students which was possible from the expansion in the school's square footage.

General fund income accounted for \$4,690,736 in revenue or 97.6% of all general funds revenues. Program specific revenues in the form of in-kind contributions are \$110,754 or 2.4% of total general fund revenues.

**Using the Financial Statements**

The comprehensive annual financial report (CAFR) consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the Maria L. Varisco-Rogers Charter School as an entire operating entity.

The statements of net assets and statement of activities provide information about the whole financial operation and activities of the School. Fund financial statements provide the next level of detail. For governmental funds, these statements show how services were financed in short term as well as what remains for future spending. The government activities reflect the School's basic services, including instruction, instructional support, administration and support services.

**Maria L. Varisco-Rogers Charter School  
Management Discussion and Analysis  
For the Year Ended June 30, 2010  
(continued)**

**Statement of Net Assets and Statement of Activities**

These reports show how the “whole” school is doing financially during the fiscal year 2010. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most government and private sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash was received or paid.

These two statements report the School’s net assets and changes in those assets. This change in net assets is important because it identifies whether the financial position of the School has improved or diminished. The cause of this change may be the result of many factors, some financial, and others not. Non-financial factors include the School enrollment, current property tax laws in New Jersey restricting revenue growth, facility conditions, required educational programs and other factors.

**Fund Financial Statements**

Fund financial reports provide detailed information about the School’s major funds. The School uses various funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School’s most significant funds. The only major governmental fund is the General Fund.

**Governmental Funds**

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

**Maria L. Varisco-Rogers Charter School  
Management Discussion and Analysis  
For the Year Ended June 30, 2010  
(continued)**

**Statement of Net Assets**

**Table 1**

**GOVERNMENTAL ACTIVITIES**

<b><u>ASSETS</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
Cash and cash equivalent	\$1,954,998	\$ 827,765
Receivables, net	411,127	181,902
Security deposits	22,253	16,933
Capital assets-net	<u>3,231</u>	<u>3,938</u>
Total Assets	<u>\$2,391,609</u>	<u>\$1,030,538</u>
<b><u>LIABILITIES</u></b>		
Accounts Payable	253,521	29,282
Accrued expenses	20,000	43,298
Other Current Liability		11,266
Due to State	11,961	7,550
Pension payable		11,776
Insurance payable		1,502
Deferred revenue	<u>168,333</u>	<u>57,398</u>
Total Liabilities	<u>\$453,815</u>	<u>\$162,072</u>
Total net assets	<b><u>\$1,937,794</u></b>	<b><u>\$868,466</u></b>

**Management Discussion and Analysis  
For the Year Ended June 30, 2010  
(continued)**

**Statement of Activities**

The following table reflects the combined statement of revenues , expenditures and changes in fund balances, budget and actual for the fiscal year ended June 30, 2009.

**Table 2  
Changes in Net Assets  
As of June 30, 2010**

<u>Revenue</u>	<u>General Activities</u>	
	<u>2010</u>	<u>2009</u>
Local Sources	\$494,911	\$333,292
State Sources	3,734,652	2,059,160
Other Sources	<u>187,052</u>	<u>499,569</u>
Total Revenues	<u>4,416,615</u>	<u>2,892,021</u>
<u>Expenditures</u>		
Instruction	\$1,498,578	\$1,044,367
Administration	1,073,289	809,240
Support Services	667,124	469,810
Depreciation	707	354
Capital Outlay	<u>115,234</u>	<u>8,872</u>
Total Expenses	<u>3,354,932</u>	<u>2,332,289</u>
Excess of Revenue Over Expenses	<u>1,061,683</u>	<u>559,732</u>
Capital Transfers	-7,149	0
Fund Balance-Beginning of Period	<u>\$753,212</u>	<u>\$193,480</u>
<b>Fund Balance 06/30</b>	<u><b>\$1,807,746</b></u>	<u><b>\$753,212</b></u>

For the fiscal year ended June 30, 2009 there was a fund balance of \$753,212. The fund balance for the fiscal year ended June 30, 2010 was \$1,807,746 which is a 140% increase. The revenue for this year is higher compared to last year. This is due to an increase in the number of students. The expenses increased relative to the increase in students as well.

**Maria L. Varisco-Rogers Charter School  
Management Discussion and Analysis  
For the Year Ended June 30, 2010  
(continued)**

**General Fund Budgeting Highlights**

The School's budget is prepared according to New Jersey law and regulations. The total amount of the budget depends on the total enrollment of the school. The School's budget is \$\_4813,451. for the year ended June 2010. During the fiscal year the Board of Trustees authorizes budget revisions to accommodate differences from the original budget to the actual expenditures of the school and to reconcile with amount received. Usually every end of the fiscal year a budget revision is prepared due to enrollment count. Anytime the actual enrollment count is less than the number indicated in the original budget, the State Board of Education requires the school to submit a revision. The School Board feels that the financial position of the School is stable and there will be for additional funds as enrollment rises.

**Current Issues**

Maria L. Varisco Rogers Charter School has been in existence for ten years and is still growing. With the enrollment increase, more spaces are necessary to accommodate the additional students. The administration is currently seeking larger facilities to accommodate the expected growth in enrollment.

**Contacting the School's Financial Management**

This financial report is designed to reflect the School's accountability for the funds it receives. Questions about this report or additional information needs should be addressed to the School Executive Director / Lead Person and to Business Administrator.

**A-CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS**

Maria L. Varisco-Rogers Charter School, Inc.  
Statement of Net Assets  
June 30, 2010

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,954,998	\$ -	\$ 1,954,998
Receivables	411,127	-	411,127
Security Deposits	22,253	-	22,253
Capital assets, net	3,231	-	3,231
Total Assets	<u>2,391,609</u>	<u>-</u>	<u>2,391,609</u>
<b>LIABILITIES</b>			
Accounts Payable	253,521	-	253,521
Accrued Expenses	20,000	-	20,000
Pension	-	-	-
Due to State	11,961	-	11,961
Deferred Revenue	168,333	-	168,333
Total liabilities	<u>453,815</u>	<u>-</u>	<u>453,815</u>
<b>NET ASSETS</b>	<u>\$ 1,937,794</u>	<u>\$ -</u>	<u>\$ 1,937,794</u>

ying Notes to Financial Statements are an integral part of this statement.

Maria L. Varisco-Rogers Charter School, Inc.  
 Statement of Activities  
 For the Year Ended June 30, 2010

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Assets					
		Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 1,369,099	\$ -	\$ -	\$ -	\$ (1,369,099)	\$ -	\$ (1,369,099)
Special education	-	-	-	-	-	-	-
Other special instruction	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-
Support services:							
Tuition	-	-	-	-	-	-	-
Student & instruction related services	-	-	-	-	-	-	-
School administrative services	-	-	-	-	-	-	-
General and business administrative services	1,079,234	-	-	-	(1,079,234)	-	(1,079,234)
Plant operations and maintenance	-	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-	-
Business and other support services	791,366	-	-	-	(791,366)	-	(791,366)
NJ Character	-	-	-	-	-	-	-
No Child Left Behind (NCLB)	231,910	-	-	-	(231,910)	-	(231,910)
IDEA	38,142	-	-	-	(38,142)	-	(38,142)
IDEA ARRA	39,740	-	-	-	(39,740)	-	(39,740)
Title I A ARRA	75,083	-	-	-	(75,083)	-	(75,083)
Capital Expenditures	115,234	-	-	-	(115,234)	-	(115,234)
Total governmental activities	3,739,807	-	-	-	(3,739,807)	-	(3,739,807)
Business-type activities:							
Food Service	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-	-
Total primary government	\$3,739,807	-	\$ -	\$ -	(3,739,807)	\$ -	(3,739,807)
General revenues:							
Grants:							
Property taxes, levied for general purposes, net							
Taxes levied for debt service							
Local Sources				494,911			494,911
State Sources				3,734,652			3,734,652
IDEA				38,142			38,142
IDEA ARRA				39,740			39,740
No Child Left Behind				231,910			231,910
Title IA ARRA				75,083			75,083
CDBG				40,279			40,279
In-kind Revenues				110,754			110,754
Miscellaneous				31,972			31,972
Interest				4,047			4,047
Net Asset transfers				-			-
Total general revenues, special items, extraordinary items and transfers				4,801,490			4,801,490
Change in Net Assets				1,061,683			1,061,683
Operating Transfer Out-Capital Fund				(7,149)			(7,149)
Net Assets—beginning				753,212			753,212
Net Assets—ending				1,807,746			1,807,746

**B-F FUND FINANCIAL STATEMENTS**

MARIA L. VARISCO-ROGERS CHARTER SCHOOL, INC.  
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
 June 30, 2010

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types		Account Groups		Totals
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Enterprise (Food) Fund	Internal Service Fund	Agency (Payroll) Fund	General Fixed Assets	Student Account	June 30, 2010	(Memo Only)
<b>ASSETS AND OTHER DEBITS:</b>											
<u>Assets:</u>											
Cash and Cash Equivalents	\$ 1,814,254		\$ 112,511	\$ -	\$ 1,007	\$ -	\$ 9,807	\$ -	\$ 17,419	\$ 1,954,998	
Accounts Receivable:											
Lunch Program	-				15,755					15,755	
State Aid	21,202	374,170								395,372	
CDGB											
Security Deposits	22,253									22,253	
Interfund	218,463	(218,463)									
Other Liability											
Fixed Assets - net of \$54,369 Accum Deprec.								3,231		3,231	
Due from State - FICA											
Due from affiliate											
<b>Total Assets</b>	<u>2,076,172</u>	<u>155,707</u>	<u>112,511</u>	<u>-</u>	<u>16,762</u>	<u>-</u>	<u>9,807</u>	<u>3,231</u>	<u>17,419</u>	<u>2,391,609</u>	
<b>Total Assets and Other Debits</b>	<u>\$ 2,076,172</u>	<u>\$ 155,707</u>	<u>\$ 112,511</u>	<u>\$ -</u>	<u>\$ 16,762</u>	<u>\$ -</u>	<u>\$ 9,807</u>	<u>\$ 3,231</u>	<u>\$ 17,419</u>	<u>\$ 2,391,609</u>	

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

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL, INC.**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS (CONT'D)**  
 June 30, 2010

	Governmental Fund Types							Proprietary Fund Types			Fiduciary Fund Types			Account Groups		Totals	
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Enterprise (Food) Fund	Internal Service Fund	Agency (Payroll) Fund	General Assets	Fixed Assets	Student Account	Totals						
											June 30, 2010	(Memo Only)					
<b>LIABILITIES, EQUITY AND OTHER CI</b>																	
<u>Liabilities:</u>																	
Accounts Payable	\$ 215,939	\$ 7,901	\$ -	\$ -	\$ 2,455	\$ -	\$ 9,807	\$ -	\$ 17,419	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 253,521
Rsv Encumbrance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued Expenses	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,000
Interfund Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pension Payable	11,961	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,961
Due to State-NJ	20,525	147,806	-	-	-	-	-	-	-	-	-	-	-	-	-	-	168,331
Deferred Income	268,425	155,707	-	-	2,455	-	9,807	-	17,419	-	-	-	-	-	-	-	453,813
<u>Equity and Other Credits:</u>																	
Investment in General Fixed Assets-Net	-	-	-	-	-	-	-	-	-	-	-	3,231	-	-	-	-	3,231
Contributed Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserve for Encumbrance curr year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserved	1,807,746	-	112,511	-	14,307	-	-	-	-	-	-	-	-	-	-	-	1,934,565
Total Equity and Other Credits	1,807,746	-	112,511	-	14,307	-	-	-	-	-	-	3,231	-	-	-	-	1,937,796
Total Liabilities, Equity and Other Credits	\$ 2,076,172	\$ 155,707	\$ 112,511	\$ -	\$ 16,762	\$ -	\$ 9,807	\$ 3,231	\$ 17,419	\$ -	\$ -	\$ 3,231	\$ 17,419	\$ -	\$ -	\$ -	\$ 2,391,609

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

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL, INC.**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS**  
**FOR THE YEAR JULY 1, 2009 TO JUNE 30, 2010**

	General Fund			Special Revenue Fund			Debt Service Fund		
	Final Budget	Actual	Variance Fav (Unfav)	Final Budget	Actual	Variance Fav (Unfav)	Final Budget	Actual	Variance (Unfavorable)
<b>REVENUES:</b>									
Local Sources:									
11-Charter School-Local	\$ 496,315	\$ 494,911	\$ 1,404	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12-Charter School-State	3,253,709	3,244,502	9,207	-	-	-	-	-	-
13-Total Revenues-NIDOE	3,750,024	3,739,413	10,611	-	-	-	-	-	-
State Sources									
14-Security Aid	121,290	119,940	1,350	-	-	-	-	-	-
16-Special Educ Aid	90,123	90,123	-	-	-	-	-	-	-
21-Other Local-Non Public Aid	280,087	280,087	-	-	-	-	-	-	-
Total Revenues-NIDOE	4,241,524	4,229,563	11,961	-	-	-	-	-	-
IDEA	-	-	-	38,142	38,142	-	-	-	-
CDBG	40,279	40,279	-	-	-	-	-	-	-
No Child Left Behind	-	-	-	231,910	231,910	-	-	-	-
TITLE IA ARRA	-	-	-	75,083	75,083	-	-	-	-
IDEA ARRA	-	-	-	39,740	39,740	-	-	-	-
In-Kind Revenues	110,754	110,754	-	-	-	-	-	-	-
Other Sources	31,972	31,972	-	-	-	-	-	-	-
Interest Income	4,047	4,047	-	-	-	-	-	-	-
Total Revenues	4,428,576	4,416,615	11,961	384,875	384,875	-	-	-	-
Current Expense:									
Instruction	1,498,578	1,498,578	-	320,149	320,149	-	-	-	-
Undistributed Expenditures	1,740,413	1,740,413	-	44,199	44,199	-	-	-	-
Depreciation	707	707	-	-	-	-	-	-	-
Capital Expenditures under \$2,000	115,234	115,234	-	20,527	20,527	-	-	-	-
Total Expenditures	3,354,932	3,354,932	-	384,875	384,875	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,073,644	1,061,683	11,961	-	-	-	-	-	-
Other Financing Sources (Uses):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Operating Transfers Out-Capital Fu	(7,149)	(7,149)	-	-	-	-	-	-	-
Fund Balances-Beginning of Period	753,212	753,212	-	-	-	-	-	-	-
Fund Balances-End of Period	\$ 1,819,707	\$ 1,807,746	\$ 11,961	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL, INC.**  
**GENERAL FUND-STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR JULY 1, 2009 TO JUNE 30, 2010**

	Final Budget	Actual	Favorable (Unfavorable)
<b>REVENUES:</b>			
Local Sources:			
11-Charter School Aid	496,315	494,911	1,404
Total Revenues-Local Sources	<u>496,315</u>	<u>494,911</u>	<u>1,404</u>
State Sources:			
12-Charter School Aid	3,253,709	3,244,502	9,207
14-Security Aid	121,290	119,940	1,350
16-Special Education Aid	90,123	90,123	-
21-Other-Local Mandate.	280,087	280,087	-
In-Kind Revenues	110,754	110,754	-
CDBG	40,279	40,279	-
Other Sources	31,972	31,972	-
Interest Income	4,047	4,047	-
Total-State Sources	<u>3,932,261</u>	<u>3,921,704</u>	<u>10,557</u>
<b>Total Revenues</b>	<b><u>\$ 4,428,576</u></b>	<b><u>\$ 4,416,615</u></b>	<b><u>\$ 11,961</u></b>
<b>EXPENDITURES:</b>			
Current Expense:			
Instruction:			
Salaries of Teachers	\$ 503,971	\$ 503,971	-
Salaries of Teacher's Assistant	284,919	284,919	-
Other Instructional Salaries	580,209	580,209	-
Regular Programs			
General Supplies	82,960	82,960	-
Textbooks	46,519	46,519	-
Total Instruction/Regular Programs	<u>1,498,578</u>	<u>1,498,578</u>	<u>-</u>
Undistributed Expenditures:			
Administrative:			
Salaries-Administrative	274,716	274,716	-
Salaries-Clerical	185,381	185,381	-
Benefits	442,275	442,275	-
Consultants	11,090	11,090	-
Purchase Services	72,522	72,522	-
Indirect Costs	33,645	33,645	-
Supplies & Materials	45,168	45,168	-
Other Administrative	8,492	8,492	-
Total Administrative	<u>1,073,289</u>	<u>1,073,289</u>	<u>-</u>
Support Services:			
Salaries	176,862	176,862	-
Purchased Support Services-Prof/Educational	43,283	43,283	-
Other Purchased Services	53,559	53,559	-
Build-Rent	297,298	297,298	-
Insurance-Prop/Liability/Fire	15,366	15,366	-
Supplies & Materials	42,764	42,764	-
Utilities	32,593	32,593	-
Other-Administrative	5,399	5,399	-
Total Support Services	<u>667,124</u>	<u>667,124</u>	<u>-</u>
Total Undistributed Expenditures	<u>1,740,413</u>	<u>1,740,413</u>	<u>-</u>
Depreciation	707	707	-
Capital Outlay under \$2,000	115,234	115,234	-
Total Capital Outlay/Depreciation	<u>115,941</u>	<u>115,941</u>	<u>-</u>
<b>Total Expenditures</b>	<b><u>3,354,932</u></b>	<b><u>3,354,932</u></b>	<b><u>-</u></b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,073,644	1,061,683	11,961
Operating Transfers Out-Capital Fund	(7,149)	(7,149)	-
Fund Balances-Beginning of Period	753,212	753,212	-
Fund Balance-End of Period	<u>\$ 1,819,707</u>	<u>\$ 1,807,746</u>	<u>\$ 11,961</u>

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

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL  
SPECIAL REVENUE FUND-STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR JULY 1, 2009 TO JUNE 30, 2010**

	2010		
	Budget	Actual	Variance
<b>REVENUES:</b>			
IDEA	\$ 38,142	\$ 38,142	
IDEA ARRA	\$ 39,740	\$ 39,740	
No Child Left Behind	231,910	231,910	
Title IA Arra	75,083	75,083	
<b>Total - Federal Sources</b>	<b>384,875</b>	<b>384,875</b>	-
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	188,233	188,233	-
Purchased Professional and Technical Services	78,257	78,257	-
Employee Benefits	27,663	27,663	-
General Supplies	22,319	22,319	-
Textbooks	-	-	-
Other Objects	3,677	3,677	-
<b>Total instruction</b>	<b>320,149</b>	<b>320,149</b>	-
<b>Support services:</b>			
Salaries of Other Professional Staff	-	-	-
Other Salaries	2,700	2,700	-
Personal Services - Employee Benefits	-	-	-
Purchased Professional - Educational Services	-	-	-
Professional-Audit	5,000	5,000	-
Transportation	984	984	-
Supplies & Materials	35,515	35,515	-
<b>Total support services</b>	<b>44,199</b>	<b>44,199</b>	-
<b>Facilities acquisition:</b>			
Instructional Equipment	20,527	20,527	-
Noninstructional Equipment	-	-	-
<b>Total facilities acquisition</b>	<b>20,527</b>	<b>20,527</b>	-
<b>Total Expenditures</b>	<b>384,875</b>	<b>384,875</b>	-
Fund Balances, July 1	-	-	-
Fund Balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL, INC.**  
**ENTERPRISE FUND #60**  
**BALANCE SHEET**  
**JUNE 30, 2010**

	<u>Food Service Fund</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 1,007
Accounts Receivable:	
Federal	14,853
State	633
Others	<u>269</u>
Total Current Assets	<u>16,762</u>
Fixed Assets:	
Equipment	-
Accumulated Depreciation	<u>-</u>
Total Fixed Assets	<u>-</u>
Total Assets	<u><u>\$ 16,762</u></u>
<b>LIABILITIES AND FUND EQUITY:</b>	
Current Liabilities:	
Accounts Payable	\$ 2,455
Total Liabilities	<u>2,455</u>
Fund Equity:	
Contributed Capital	-
Net Contributed Capital	-
Unreserved Retained Earnings	<u>14,307</u>
Total Fund Equity	<u>14,307</u>
Total Liabilities and Fund Equity	<u><u>\$ 16,762</u></u>

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL, INC.**  
**ENTERPRISE FUND #60**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR JULY 1, 2009 TO JUNE 30, 2010**

	Food Service Fund
<b>OPERATING REVENUES:</b>	
Local Sources:	
Special Functions	\$ 15,962
Community Service Activities	-
Miscellaneous	-
	-
Total Operating Revenue	15,962
<b>OPERATING EXPENSES:</b>	
Other Purchased Services	187,550
Supplies and Materials	-
Cost of Sales	-
	-
Total Operating Expenses	187,550
Operating Income (Loss)	187,550
<b>NONOPERATING REVENUES:</b>	
State Sources:	
State School Lunch Program	633
Federal Sources:	
National School Lunch Program	183,636
Snack Program	1,625
Food Distribution Program	-
Interest Revenue	-
	-
Total Nonoperating Income	185,894
Net Income (Loss) Before Operating Transfers	1,656
<b>OPERATING TRANSFERS:</b>	
Operating Transfer - From General Fund	-
Net Income (Loss)	14,307
Fund Balance - July 1	-
Fund Balance - June 30	\$ -

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL, INC.  
 PAYROLL AGENCY FUND #90  
 BALANCE SHEET  
 JUNE 30, 2010**

	<u>Agency</u>
	<u>Payroll</u>
<b>ASSETS:</b>	
Cash and Cash Equivalents	<u>\$ 9,807</u>
Total Assets	<u><u>\$ 9,807</u></u>
<b>LIABILITIES AND FUND BALANCES:</b>	
Liabilities:	
Accounts Payable	<u>\$ 9,807</u>
Total Liabilities	<u><u>9,807</u></u>
Fund Balances:	
Reserved - Principal Portion	
Nonexpendable Trust	-
Unreserved	
Total Fund Balances	<u><u>-</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 9,807</u></u>

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL, INC.**  
**PAYROLL AGENCY FUND #90**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR JULY 1, 2009 TO JUNE 30, 2010**

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	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 1,720	\$ 2,244,604	\$ 2,236,518	\$ 9,807
Due from State	-	-	-	-
Total Assets	\$ 1,720	\$ 2,244,604	\$ 2,236,518	\$ 9,807
 <b>LIABILITIES:</b>				
Accounts Payable	\$ 1,720	\$ 2,244,604	\$ 2,236,518	\$ 9,807
Accrued Salaries	-	-	-	-
Payroll Deductions and Withholdings	-	-	-	-
Interfund Payable	-	-	-	-
Total Liabilities	\$ 1,720	\$ 2,244,604	\$ 2,236,518	\$ 9,807

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

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

The financial statements of the Maria L. Varisco-Rogers Charter School. (“The School”) have been prepared in conformity with generally accepted accounting principles (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 Board's accounting policies are described below.

**A. Reporting Entity:**

“The School” is an instrument of the State of New Jersey, established to function as an educational institution. The school is self-governed by an independent Board of Trustees which consists of parents, founders and other community representatives in accordance with its charter which was approved by the State Department of Education. A superintendent is appointed by the Board and is responsible for the administrative control of the school.

The primary criterion for including activities within the School’s reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the school. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of “the School” over which the School exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the School is not includable in any other reporting entity on the basis of such criteria.

**B. Fund Accounting:**

The accounts of “the School” are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The various funds and accounts are grouped into three categories; governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types”.

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**GOVERNMENTAL FUND**

Government funds are those funds through which most government functions typically are financed. The governmental fund measurement focus is on a determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than on a net income determination. The acquisition and use of current available spendable resources during the year and balances of the School's available spendable financial resources at the end of the year are measured in Governmental Funds. These funds, with the exception of the capital projects fund, utilize a legally adopted annual budget. The School's governmental fund types consist of the following.

**General Fund** - The General Fund is the general operating fund of "the School". It is used to account for all financial resources except those required to be accounted for in another fund.

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

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**Proprietary Funds**-The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

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

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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

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

**Fiduciary Funds** – The Fiduciary fund is used to account for assets held by the school in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include expendable and nonexpendable trust and agency funds.

Trust and Agency Funds – The Trust and Agency Funds are used to account for assets held by “the School” in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

**Nonexpendable Trust Fund** – a Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby “the School” is under obligation to maintain the trust principal.

**Agency Funds** – Agency funds are used to account for the assets that “the School” holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activity funds.

**C. Basis of Accounting:**

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue and approved by the Board of Trustees. The budgets are submitted to the State Department of Education for acceptance. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School resolution. Budget amendments during the year ended June 30, 2010 were insignificant.

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

**E. Fixed Assets:**

General fixed assets acquired during the year are recorded at original cost.

General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the general fixed assets account group. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized.

**F. Memorandum Only - Total Columns:**

Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis and do not present information in conformity with generally accepted accounting principles and are not equivalent to a consolidated presentation. Inter-fund eliminations have not been made in the aggregation of this data.

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents include petty cash, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. All other investments are stated at fair market value. New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.



**MARIA L. VARISCO-ROGERS CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010**

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

*New Jersey Cash Management Fund – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment’s existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the “Other-than-State” participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.*

*As of June 30, 2010, “the School” had \$-0- on deposit with the New Jersey Cash Management Fund.*

**NOTE 3. FIXED ASSETS**

The following schedule is a summarization of the changes in general fixed assets by source for the fiscal year ended June 30, 2010:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance</u> <u>June 30, 2010</u>
General Fund-net	\$ 57,954			57,954
Special Revenue Fund				
Capital Projects Fund				
Accumulated Depreciation	<u>(54,016)</u>	<u>(707)</u>	<u>                    </u>	<u>(54,723)</u>
Total	<u>\$ 3,948</u>	<u>(707)</u>	<u>                    </u>	<u>\$ 3,321</u>

**NOTE 4. PENSION PLANS**

**Description of Plans** - All required employees of “the School” are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625.

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010**

**NOTE 4. PENSION PLANS (CONTINUED)**

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of "the School" and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Vesting and Benefit Provisions** - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

**Significant Legislation** - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that "the School's" normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010**

**NOTE 4. PENSION PLANS (CONTINUED)**

**Contribution Requirements** - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute "the School" is a non-contributing employer of the TPAF.

During the fiscal year ended June 30, 2010, the State of New Jersey contributed \$-0- to the TPAF for normal and post-retirement benefits on behalf of "the School". Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed "the School" \$17,972 during the year ended June 30, 2006 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

**NOTE 5. POST-EMPLOYMENT 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 reaching age 60 and accumulating 25 years of credited service. As of June 30, 1998, there were 42,240 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 pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 which will increase the medical reserve by one half of 1% of the active State payroll. The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS, TPAF and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service.

**NOTE 6. DEFERRED COMPENSATION**

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

**SINGLE AUDIT SECTION**

**ALEX E. KRASNOMOWITZ  
CERTIFIED PUBLIC ACCOUNTANT  
A LIMITED LIABILITY COMPANY  
1025 BLOOMFIELD AVENUE #2B  
WEST CALDWELL, NJ 07006**

**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***

Honorable Chairperson and  
Members of the Board of Trustees  
Maria L. Varisco-Rogers Charter School  
Charter School of Newark  
County of Essex, Newark, New Jersey

I have audited the financial statements of the Board of Trustees of the Maria L. Varisco-Rogers Charter School in the County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 2010, and have issued my report thereon dated October 23, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing my audit I considered the Maria L. Varisco-Rogers Charter School Board of Trustee's 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 for the purpose of expressing an opinion on the effectiveness of the Maria L. Varisco-Rogers Charter School. Board of Trustee's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Maria L. Varisco-Rogers Charter School Board of Trustee's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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 the internal control over financial reporting that I consider to be material weaknesses, as defined above.

## Compliance

As part of obtaining reasonable assurance about whether the Maria L. Varisco-Rogers 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 grants 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 that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

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



Alex E. Krasnomowitz, C.P.A.  
Licensed Public School Accountant  
No. CS-02320

October 23, 2010

**ALEX E. KRASNOMOWITZ  
CERTIFIED PUBLIC ACCOUNTANT  
A LIMITED LIABILITY COMPANY  
1025 BLOOMFIELD AVENUE #2B  
WEST CALDWELL, NJ 07006**

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB 04-04**

The Honorable Chairperson and  
Members of the Board of Trustees  
Maria L. Varisco-Rogers Charter School  
Charter School of Newark  
County of Essex, Newark, New Jersey

**Compliance**

I have audited the compliance of the Board of Trustees of the Maria L. Varisco-Rogers 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 year ended June 30, 2010. The Maria L. Varisco-Rogers Charter School. Board of Trustee's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. 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 Maria L. Varisco-Rogers Charter School's Board of Trustees management. My responsibility is to express an opinion on the Maria L. Varisco-Rogers Charter School's Board of Trustees s compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United State of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 4-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 4-04, 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 Maria L. Varisco-Rogers Charter School. Board of Trustees 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 Maria L. Varisco-Rogers Charter School. Board of Trustee's compliance with those requirements.

In my opinion, the Board of Trustees of the Maria L. Varisco-Rogers Charter School., in the County of Essex, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2010.

## Internal Control Over Compliance

The management of the Board of Trustees of the Maria L. Varisco-Rogers Charter School. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing my audit, I considered the Maria L. Varisco-Rogers Charter School. Board of Trustee's 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 Maria L. Varisco-Rogers Charter School. Board of Trustee's internal control over compliance

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant* deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results 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 we consider to be material weaknesses, as defined above.

My consideration of the internal control over compliance 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. Maria L. Varisco-Rogers Charter School. Board of Trustee's responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit Maria L. Varisco-Rogers Charter School. Board of Trustee's response and, accordingly, I express no opinion on it.

This report is intended for the information and use of the audit committee, management, the Maria L. Varisco-Rogers Charter School. Board of Trustees, 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.



Alex E. Krasnomowitz, CPA  
Licensed Public School Accountant  
No. CS-02320

October 23, 2010

MARIA L. VARISCO-ROGERS CHARTER SCHOOL  
 SCHEDULE OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From-To	Balance as of July 1, 2009	Carry-over	Cash Received	Budgetary Expenditure	Adjust.	Prior Year Balances	Accounts Receivables June 30, 2010	Deferred Rev June 30, 2010	Due to Grantor at June 30, 2010
Core Curriculum Standar Aid	08-495-034-5120-022	\$ 3,750,024.00	07/15/09-06/30/10	\$ -	\$ -	\$ 3,739,413.00	\$ (3,750,024.00)	\$ 10,611.00		\$ -	\$ -	\$ 10,611.00
Special Educ Aid	08-495-034-5120-089	\$ 90,123.00	07/15/09-06/30/10	\$ -	\$ -	\$ 90,123.00	\$ (90,123.00)	\$ -		\$ -	\$ -	
Security Aid	08-495-034-5064-084	\$ 121,290.00	07/15/09-06/30/10	\$ -	\$ -	\$ 119,940.00	\$ (121,290.00)	\$ 1,350.00		\$ -	\$ -	\$ 1,350.00
State Non-Pub Aid		\$ 280,087.00	07/15/09-06/30/10	\$ -	\$ -	\$ 280,087.00	\$ (280,087.00)	\$ -		\$ -	\$ -	
		\$ 4,241,524				\$ 4,229,563.00	\$ (4,241,524.00)	\$ 11,961.00		\$ -	\$ -	\$ 11,961.00

**MARIA L. VARISCO ROGERS-CHARTER SCHOOL  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Program Title	Program Title	Program Title	Grant Period From-To	Balance as of Sept. 1, 2009	Carry-over	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year Balances	Accounts Rec June 30, 2010	Deferred Revenue June 30, 2010	Due to Grantor at June 30, 2010
Title I, IIA, IID, IV - No Child Left Behind	NCLB-770335-10		09/01/2009-08/31/2010	\$ 261,014.79	\$ -	\$ -	\$ 231,910.00			\$ 199,302.00	\$ 30,998.00	
Title I, ARRA			07/1/2009-08/31/2011	\$ 163,966.00	\$ -	\$ -	\$ 75,083.00			\$ 75,083.00	\$ 88,883.32	
Individuals with Disabilities Education Improvements Act (IDEA)	84.027		09/01/2009-08/31/2010	\$ 43,365.21	\$ -	\$ -	\$ 38,142.00			\$ 38,142.00	\$ 5,224.00	
IDEA-ARRA (Basic) Individuals with Disabilities Education Improvements Act (IDEA)			07/1/2009-08/31/2011	\$ 62,443.00		\$ -	\$ 39,740.00			\$ 22,703.00	\$ 22,703.00	
		\$ -		\$ 530,789.00	\$ -	\$ -	\$ 384,875			\$ 335,230.00	\$ 147,808.32	

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL**  
**NOTES TO SCHEDULES OF FEDERAL AND STATE FINANCIAL ASSISTANCE**  
**JUNE 30, 2010**

1. General

The accompanying schedule of state financial assistance present the activity of all state financial assistance programs of the Board of Trustees, Maria L. Varisco-Rogers Charter School. The School is defined in Note 1 in the financial statements.

2. Basis of Accounting

The accompanying schedules of financial assistance are presented using the modified accrual basis of accounting. The basis of accounting is described in Notes to the School's financial statements.

3. Relationship to General Purpose Financial Statement

Amounts reported in the accompanying schedules agree with the amounts reported in the Board's financial statements.

4. Relationship to Federal and State Financial Reports

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

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**PART I – SUMMARY OF AUDITOR’S RESULTS**

- 1.) The auditor’s report expresses an unqualified opinion on the General Purpose Financial Statements of the Maria L. Varisco-Rogers Charter School.
- 2.) No *significant deficiencies* relating to the audit of the financial statements are reported in the “Schedule of Findings of Noncompliance”.
- 3.) No instances of noncompliance material to the financial statements of Maria L. Varisco-Rogers Charter School.
- 4.) No *significant deficiencies* relating to the audit of the major federal awards programs are reported in the “Schedule of Findings of Noncompliance”.
- 5.) The auditor’s report on compliance for the Maria L. Varisco-Rogers Charter School expresses an unqualified opinion.
- 6.) The programs tested as major programs include : Core Curriculum Standard Aid.
- 7.) The threshold used to distinguish between Type A and Type B programs was \$500,000
- 8.) Maria L. Varisco-Rogers Charter School qualified as a low-risk auditee.

**PART II – FINDINGS- FINANCIAL STATEMENTS AUDIT**

None

**PART III – FINDINGS AND QUESTION COSTS – MAJOR FEDERAL AWARD PROGRAMS  
AUDIT**

None