MARIA L. VARISCO-ROGERS CHARTER SCHOOL

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2011

MARIA L. VARISCO-ROGERS

CHARTER SCHOOL

Maria L. Varisco-Rogers Charter School
Board of Trustees
Newark, New Jersey

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2011

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

OF THE

MARIA L. VARISCO-ROGERS CHARTER SCHOOL

NEWARK, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Prepared by

Maria L. Varisco-Rogers Charter School
Finance Department

And

Barre & Company, CPAs

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INTRODUCTORY SECTION

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
233 WOODSIDE AVENUE
NEWARK, NEW JERSEY 07104

September 15, 2011

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

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Maria L. Varisco-Rogers Charter School (Charter School) for the fiscal year ended June 30, 2011. This CAFR includes the Charter School's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34.

The Charter School has elected to adopt this new financial reporting model which we believe will provide all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Charter School.

To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Charter School. This report will provide the taxpayers of the Maria L. Varisco-Rogers Charter School with comprehensive financial data in a format enabling them to gain an understanding of the Charter School's financial affairs.

The Comprehensive Annual Financial Report is presented in three sections as follows:

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;

- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;

- The Single Audit Section — The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget (OMB) Circular A-133, "*Audits of States, Local Governments and Non-Profit Organizations*", and the New Jersey State Office of Management and Budget (OMB) Circular 04-04, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*". Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: 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 twelve 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 2011-2012 academy year will be to maintain 460 students enrolled form Kindergarten to eighth grade.

Maria L. Varisco-Rogers Charter School ended the 2010-2011 school year with an enrollment of 366 students. The following details the student enrollment of the Charter School over the last five years:

Average Daily Enrollment

Fiscal Year	Student Enrollment	Attendance Rate
2010-2011	366.0	94.90%
2009-2010	290.0	96.84%

2. MAJOR INITIATIVES:

A. PERSONNEL MANAGEMENT

During the 2010-2011 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 2010-2011 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 12 teaching staff members, a Deputy Director, a technology coordinator, a reading specialist and one new clerical worker. The school was able to contract with several educational consultants for speech therapy, special educational needs, and ESL.

B. FACILITIES

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

The school also began planning and preparation for a newly leased building located at 243 Woodside Avenue in Newark, New Jersey 07104. The building will be opened on September 6, 2011.

C. EDUCATIONAL PROGRAM

In 2010-2011 school year, the school continued with its revision of the school's educational program (curriculum and professional development). The school contracted with Ms. Amy Richardson who provided onsite consultation and assisted 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.

EDUCATIONAL PROGRAM (CONTINUED)

The staff decided that to remain focused on three main areas for the year: increasing student's 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 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) as well as Pre-Assessments in LAL, Math, and Science for grades 4 and 8.

Emphasis was placed on the needs of the teachers and students through workshops on Differentiated Instruction, Interactive Whiteboards, Reading/Writing Workshop, and Everyday Math. Based on analysis of student assessments, we are ensured that the professional development is addressing the student learning needs. At the end of each year, the principal meets with each staff member as well as each grade level to discuss what their needs are for the upcoming year and to make sure that the staff felt comfortable with the curriculum.

The school's goals include student growth through high expectations, high standards and excellence in learning. MLVR Charter School's goals also include closing the achievement gap between its at-risk students (including the special education population) and their non-risk counterparts. The professional development and school goals are aligned. They both focus on high expectations and standards for the students in reading, writing and math. Thus, the district emphasized professional development in those areas as stated above.

D. PROFESSIONAL DEVELOPMENT AND SUPPORT

The 2010-2011 professional development plan had an abundance of professional development offerings that took place prior to the beginning of the school year in mid-August. Teachers participated in five (5) Literacy workshops, two (2) Math workshops, three (3) Differentiated Instruction workshops and one (1) Assessment workshop. These workshops were conducted by Ms. Richardson and agencies 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.

The students also participated in the NAEP (4th grade), Terra Nova Test (1st and 2nd grade), and NJ Pass (also 1st and 2nd grade).

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 and I&RS services which include 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

Maria L. Varisco-Rogers Charter School 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 Maria L. Varisco-Rogers Charter School. Upon acceptance, parents met with the Principal for a personal interview that involved reviewing the rules and expectations of the school. Maria L. Varisco-Rogers Charter School 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 Maria L. Varisco-Rogers Charter School. 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. <u>ACCOUNTABILITY</u>: 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 Avenue, in Newark New Jersey 07104 to ensure adequate space is available to accommodate the school's growing student and staff population needs.

ACCOUNTABILITY (Continued)

- Continue partnerships
  - For the 2010-2011 school year, the school continued community partnerships in Newark (CDBG grant) to provide after-school services to the students. It is the school's goal to continue these partnerships/services for the 2011-2012 school year.
  - The school continued to strengthen the already existing partnership with FOCUS Hispanic Center's 21st Century Community Centers Learning Program. This partnership will continue into the 2011-2012 school year.
  - The school will seek funding through community partnerships in order to provide additional academic support to the students, i.e., enrichment programs, tutoring, etc.

- Continue with the implementation of the new school website:
  - The school purchased a new content management system for the web hosting of our school website called E-chalk. The new system will be implemented in the 2011-2012 school year; it offers more comprehensive services to meet the needs of our parents, students, and staff. Teachers will have individual classroom webpage where parents can check homework, upcoming presentations, events, etc. There is also a section for staff information that contains but is not limited to forms, policies, and procedures pertinent to the staff's day-to-day functioning.
  - Implementation of Power School for the use of entering and maintaining student data such as grades, attendance, enrollment, etc.

- Provide more activities and opportunities for parental involvement by asking parents to volunteer, having classroom helpers, etc.

- Increased student achievement in language arts and mathematics.

- Implement an ESL program to assist those students in need of ESL services.

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:

- Obtained two teachers and two parents as volunteers to perform in the role of School Grievance Committee.
- Approved the implementation of additional security equipment and personnel.
- Approved and hired personnel for the following new positions: Deputy Director, Technology Coordinator, Reading Specialist and an ESL Teacher.
- Approved and hired a new Dean of Students to start working July 11, 2011 for the 2011-2012 school year.
- Purchased and implemented the use of PowerSchool and PowerTeacher.
- Attended annually required Board Training.
- Authorized the School Business Administrator to be the school's Purchasing Agent.
- Barre & Company is the new CPA firm.

Board Members: There were 14 members of the board, 11 of which were voting members and there 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 control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits required 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 are to be re-appropriated are reported as reservations of fund balance at June 30, 2011.

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. CASH MANAGEMENT: The investment policy of the school was guided in large part of 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.

10. 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.

11. OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, Certified Public Accountant, 2204 Morris Avenue, Suite 206, Union, New Jersey 07083, was selected by the Maria L. Varisco-Rogers Charter School Board of Trustees to perform the audit. In addition to meeting the requirement set forth in state statutes, the audit was also designed to meet the requirement 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.

12. ACKNOWLEDGEMENT: I would like to express our appreciation to the member 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. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

Jose A. Segarra
School Business Administrator

Maria L. Varisco-Rogers Charter School, Inc.

Organizational Chart

September 2009

233 Woodside Avenue
Newark, N.J.

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

Executive Director/Lead Person
Teresa Segarra

School Business Administrator/ Chief Technology Officer
Jose A. Segarra

Deputy Director
Jennifer Fumero

Principal
Anne Heyward

Accountant
Ranphys Ortiz

Assistant to the SBA/ Human Resources
Gynise Gotto

Lead Teacher
Kelly Mitchell

Office Manager
Violeta Zapata

Nurse
Gemma Salve Sepe
Consultant
Grace Jacquet

TEACHERS

Case Manager
Martha Rodriguez

Financial Secretary
Samantha Maldonado

Technology Support Tech
Jeff Leifer

Maintenance/
Jose Arana

Grant Writer/Attendance Coordinator
Leticia Irizarry

Budget Analysis Consultant
Juanita Mercado

Parents Liaison
Marisol Soto

Nutrition Prog./
Marlyn I. Cervantes

Revised
10/2010

Maria L. Varisco-Rogers Charter School, Inc.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NEWARK, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2011

MEMBERS OF THE BOARD OF TRUSTEES	POSITION
Felipe Chavana, Esq.	Chairman
Maritza Arauz	Treasurer
Simon Boliva-Cabrera	Secretary
Pastor Jorge Granados	Board Member
Genoveva Isona	Board Member
Carmen M. Baez	Board Member
Anna Jimenez-Quinones	Board Member
Torrence E. Burrowes	Board Member
Rosa Farias	Board Member
Maria Soto	Parent Member
Jessica Ortiz	Parent Member

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NEWARK, NEW JERSEY

CONSULTANTS AND ADVISORS

Audit Firm

Barre & Company
Certified Public Accountants
2204 Morris Avenue, Suite 206
Union, New Jersey 07083

Attorney

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

Official Depository

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

FINANCIAL SECTION

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS
2204 Morris Avenue, Suite 206
Union, New Jersey 07083
(908) 686-3484
FAX – (908) 686-6055

Independent Auditor's Report

Honorable President
Members of the Board of Trustees
Maria L. Varisco-Rogers Charter School

Newark, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented components units, each major fund and the aggregate remaining fund information of the Maria L. Varisco-Rogers Charter School (Charter School) in the County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise of the Charter School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter School's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 and Regulatory Compliance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free 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. We believe that our audit provides a reasonable basis for our opinion.

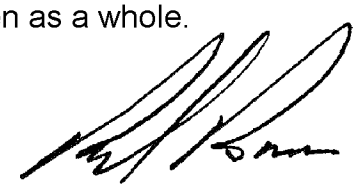
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Maria L. Varisco-Rogers Charter School (Charter School), in the County of Essex, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued a report dated September 15, 2011, on our consideration of the Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal 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 our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Information starting on pages 18 and 65, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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 (OMB) 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 are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relations to the basic financial statements taken as a whole.



Richard M. Barre
Licensed Public School Accountant
No. CS-01181
Barre & Company, CPA's

September 15, 2011

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NEWARK, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED

The discussion and analysis of Maria L. Varisco-Rogers Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 — *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2010-2011) and the prior year (2009-2010) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2011 are as follows:

- General revenues accounted for $5,954,147 or 95% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for $317,344 or 5% of total revenues of $6,271,491.

- The Charter School had $4,922,993 in expenses; only $317,344 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of $5,954,147 were adequate to provide for these programs.

- Among governmental funds, the General Fund had $5,582,917 in revenues and $4,309,281 in expenditures. The General Fund's fund balance increased $1,273,636 over 2010. This increase was anticipated by the Board of Trustees.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Maria L. Varisco-Rogers Charter School as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Using this Comprehensive Annual Financial Report (CAFR) (Continued)

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

Reporting the Charter School as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2011?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- Governmental activities — All of the Charter School's programs and services are reported here including instruction, administration, support services, and capital outlay.

- Business-Type Activity — This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service and Before and After School Program proprietary funds are reported as a business-type activities.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Proprietary Fund

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the financial statements can be found starting on page 41 of this report.

The Charter School as a Whole

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

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

The Charter School's combined Net Assets were $3,173,782 for 2011 and $1,937,796 for 2010.

Governmental Activities

The Charter School's total revenues were $6,027,756 for 2011 and $4,801,490 for 2010, this includes $191,477 for 2011 and $0 for 2010 of state reimbursed TPAF social security and pension contributions.

The total cost of all program and services were $4,730,505 for 2011 and $3,739,807 for 2010. Instruction comprises 61% of Charter School expenses for 2011 and 37% for 2010.

Business-Type Activities

Revenues for the Charter School's business-type activities (Food Service and Before and After School Care) were comprised of charges for services and federal and state reimbursements.

FOOD SERVICE

- Revenues exceeded expenses by $51,247 for 2011 and by $14,307 for 2010.
- Charges for services represent $44,877 for 2011 and $15,962 for 2010 of revenue. This represents amounts paid by patrons for daily food.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfast, and state snack program were $198,859 for 2011 and $185,894 for 2010.

Governmental Activities

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. The net cost shows the financial burden that was placed on the Charter School's taxpayers by each of these functions.

Administration includes expenses associated with administrative and financial supervision of the Charter School.

Support services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development and the costs associated with operating the facility.

Capital Outlay represents school equipment purchased under the $2,000 threshold.

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to $6,027,756 for 2011 and $4,801,490 for 2010 and expenditures were $4,754,120 for 2011 and $3,739,807 for 2010. The net change in fund balance was most significant in the general fund, an increase of $1,273,636 in 2011 and $1,061,683 for 2010.

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2011, and the amount and percentage of increases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2010	Percent of Increase/ (Decrease)
Local Sources	$ 786,824	13.05%	$ 104,861	15.38%
State Sources	4,796,093	79.57%	1,061,441	28.42%
Federal Sources	444,839	7.38%	59,964	15.58%
Total	$ 6,027,756	100.00%	$ 1,226,266	

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2011, and the percentage of increases and decreases in relation to prior year amounts.

The Charter School's Funds (Continued)

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2010	Percent of Increase/ (Decrease)
Instruction	$ 2,275,285	47.86%	$ 456,558	25.10%
Administration	1,530,182	32.19%	412,694	36.93%
Support Services	862,550	18.14%	194,719	29.16%
Capital Outlay	86,103	1.81%	(49,658)	-25.28%
Total	$ 4,754,120	100.00%	$ 1,014,313	

Changes in expenditures were the results of varying factors. Current expense increased due to salary increases, additional staff and students, and increased health benefits and utility costs.

General Fund Budgeting Highlights

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

Over the course of the year, the Charter School revised the annual operating budget in accordance with state regulations. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts.

Capital Assets (Net of Depreciation)

The Charter School had $26,846 invested in land, building, and building improvements at the end of the fiscal year 2011.

Current Issues

Maria L. Varisco-Rogers Charter School has been in existence for twelve 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.

For the Future

The Maria L. Varisco-Rogers Charter School is in good financial condition presently. The Charter School is proud of its community support. A major concern is the continued enrollment growth of the Charter School with the increased reliance on federal and state funding.

In conclusion, the Maria L. Varisco-Rogers Charter School has committed itself to financial excellence for many years. In addition, the Charter School's system for financial planning, budgeting, and internal financial controls are well regarded. The Charter School plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Jose A. Segarra, School Board Administrator at Maria L. Varisco-Rogers Charter School, 233 Woodside Avenue, Newark, New Jersey 07104.

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL–WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the Charter School. These statements include the financial activities of the overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Charter School.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	$ 3,101,658	$ 20,330	$ 3,121,988
Interfund Receivables	65,588		65,588
Receivables	391,810	39,759	431,569
Capital Assets, Net	26,846	5,965	32,811
Total Assets	3,585,902	66,054	3,651,956
LIABILITIES:			
Interfund Payable	64,588	500	65,088
Payable to State Government	113,017		113,017
Accounts Payable	280,069		280,069
Deferred Revenue	20,000		20,000
Total Liabilities	477,674	500	478,174
NET ASSETS:			
Invested in Capital Assets	26,846		26,846
Unrestricted	3,081,382	65,554	3,146,936
Total Net Assets	$ 3,108,228	$ 65,554	$ 3,173,782

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

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Statement of Activities
For The Fiscal Year Ended June 30, 2011

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes In Net Assets: Governmental Activities	Net (Expense) Revenue and Changes In Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes In Net Assets: Total
GOVERNMENTAL ACTIVITIES:								
Instruction	2,275,285	$ 626,208	$ -	$ 73,608	$ -	$ (2,827,885)	$ -	$ (2,827,885)
Administration	715,554	106,534				(822,088)		(822,088)
Support Services	862,550	81,886				(944,436)		(944,436)
Capital Outlay	59,078					(59,078)		(59,078)
Unallocated Depreciation	3,409					(3,409)		(3,409)
Total Governmental Activities	3,915,876	$ 814,628	-	73,608	-	(4,656,896)	-	(4,656,896)
BUSINESS-TYPE ACTIVITIES:								
Food Service and Before & After School Care	192,489		44,877	198,859			51,247	51,247
Total Business-Type Activities	192,489		44,877	198,859	-	-	51,247	51,247
Total Primary Government	$ 4,108,365		$ 44,877	$ 272,467	$ -	$ (4,656,896)	$ 51,247	$ (4,605,649)
GENERAL REVENUES								
General Purposes						$ 637,349	$ -	$ 637,349
Federal and State Aid Not Restricted						5,167,324		5,167,324
Miscellaneous Income						149,474		149,474
Total General Revenues						5,954,147	-	5,954,147
Change in Net Assets						1,297,251	51,247	1,348,498
Net Assets - Beginning						1,810,977	14,307	1,825,284
Net Assets - Ending						$ 3,108,228	$ 65,554	$ 3,173,782

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

SECTION B – FUND FINANCIAL STATEMENTS

The individual fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

GOVERNMENTAL FUNDS

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Governmental Funds
Combining Balance Sheet
June 30, 2011

	General Fund	Special Revenue Fund	Total
ASSETS:			
Cash and Cash Equivalents:	$ 3,101,658	$ -	$ 3,101,658
Interfund Receivables	65,588		65,588
Receivables From Other Governments	291,256	76,966	368,222
Other Receivables	23,588		23,588
Total Assets	$ 3,482,090	$ 76,966	$ 3,559,056
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Interfund Payables	$ -	$ 64,588	$ 64,588
Payable to State Government	113,017		113,017
Accounts Payable and Accrued Expenses	267,691	12,378	280,069
Deferred Revenue	20,000		20,000
Total Liabilities	400,708	76,966	477,674
Fund Balances:			
Unreserved:			
General Fund	3,081,382		3,081,382
Total Fund Balances	3,081,382	-	3,081,382
Total Liabilities and Fund Balances	$ 3,482,090	$ 76,966	
Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is $84,978 and the accumulated depreciation is $58,132.			26,846
Net Assets of Governmental Activities			$ 3,108,228

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

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2011

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	$ 637,349	$ -	$ 637,349
Interest on Investments	7,192		7,192
Miscellaneous	142,283		142,283
Total Local Sources	786,824	-	786,824
State Sources	4,796,093		4,796,093
Federal Sources		444,839	444,839
Total Revenues	5,582,917	444,839	6,027,756
EXPENDITURES:			
Instruction	1,953,723	321,562	2,275,285
Administration	1,530,182		1,530,182
Support Services	739,273	123,277	862,550
Capital Outlay	86,103		86,103
Total Expenditures	4,309,281	444,839	4,754,120
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,273,636	-	1,273,636
NET CHANGE IN FUND BALANCES	1,273,636	-	1,273,636
FUND BALANCES, JULY 1	1,807,746	-	1,807,746
FUND BALANCES, JUNE 30	$ 3,081,382	$ -	$ 3,081,382

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

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2011

Total net change in fund balances - governmental funds (B-2)		$ 1,273,636
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense in the current fiscal year.		
Capital Asset Additions	27,024	
Depreciation Expense	(3,409)	23,615
Change in net assets of governmental activities		$ 1,297,251

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

PROPRIETARY FUNDS

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Proprietary Fund
Statement of Net Assets
June 30, 2011

	Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 20,330
Federal	39,130
State	629
Total Current Assets	60,089
Noncurrent Assets:	
Machinery and Equipment	6,628
Less Accumulated Depreciation	(663)
Total Noncurrent Assets	5,965
Total Assets	$ 66,054
LIABILITIES AND NET ASSETS:	
Liabilities:	
Interfund Accounts Payable	$ 500
Total Liabilities	500
Net Assets:	
Unrestricted	65,554
Total Net Assets	65,554
Total Liabilities and Net Assets	$ 66,054

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

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2011

	Food Service
OPERATING REVENUES:	
Charges for Services:	
Daily Sales Reimbursable Program	$ 44,877
Total Operating Revenues	44,877
OPERATING EXPENSES:	
Cost of Sales	191,826
Depreciation Expense	663
Total Operating Expenses	192,489
OPERATING LOSS	(147,612)
NONOPERATING REVENUES:	
State Source:	
State School Breakfast/Lunch Program	2,973
Federal Source:	
National School Breakfast/Lunch/Snack Program	195,886
Total Nonoperating Revenues	198,859
CHANGE IN NET ASSETS	51,247
TOTAL NET ASSETS JULY 1	14,307
TOTAL NET ASSETS JUNE 30	$ 65,554

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

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2011

	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	$ 20,873
Cash Payments to Suppliers and Employees	(200,409)
Net Cash Used InOperating Activities	(179,536)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash Received From State And Federal Reimbursements	198,859
Net Cash Provided By Noncapital Financing Activities	198,859
Net Increase In Cash And Cash Equivalents	19,323
Cash And Cash Equivalents, Beginning Of Year	1,007
Cash And Cash Equivalents, End Of Year	$ 20,330
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:	
Operating Loss Used for Operating Activities	$ (147,612)
Depreciation	663
Increase In Receivables From Other Governments	(24,273)
Decrease In Other Receivables	269
(Increase) In Fixed Assets	($6,628)
Increase In Interfund Payable	500
Decrease In Accounts Payable	(2,455)
Net Cash Used In Operating Activities	$ (179,536)

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

FIDUCIARY FUNDS

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2011

	Unemployment Compensation Insurance	Agency Funds
ASSETS:		
Cash and Cash Equivalents	$ 30,514	$ 24,203
Total Assets	30,514	$ 24,203
LIABILITIES:		
Accounts Payable	10,134	
Accrued Salaries and Benefits		13,869
Due to Student Groups		9,834
Total Liabilities	10,134	$ 24,203
NET ASSETS:		
Reserved for Unemployment Compensation Claims	$ 20,380	

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

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2011

	Unemployment Compensation Insurance
ADDITIONS:	
Contributions:	
Employee	5,179
Board	31,007
Total Additions	36,186
DEDUCTIONS:	
Cost of Sales	
Payment of Claims	40,580
Miscellaneous Expense	561
Total Deductions	41,141
CHANGE IN NET ASSETS	(4,955)
NET ASSETS JULY 1	25,335
NET ASSETS JUNE 30	$ 20,380

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

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Maria L. Varisco-Rogers Charter School have been prepared in conformity with generally accepted accounting principles generally (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body responsible for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Charter School are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (Statement No. 34). This Statement provides for the most significant change in financial reporting in over twenty years and was implemented for the fiscal year ending June 30, 2004. In addition, the Charter School has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*.

A. Reporting Entity

The Charter School is a non-profit corporation organized under the laws of the State of New Jersey, established in 1998 to operate and maintained a public school under a charter granted by the State of New Jersey. The Charter School consists of nine members and must comply with the Charter School Program Act of 1995 and regulations promulgated thereunder.

The primary criterion for including activities within the Charter School's reporting entity are set forth in Statement No. 14 of the Governmental Accounting Standards Board entitled "The Financial Reporting Entity" (GASB 14) as codified in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*. Under GASB Statement No. 14, the financial reporting entity is determined by the degree of oversight responsibility maintained by the Charter School. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the Charter School over which it exercises operating control. The operations of the Maria L. Varisco-Rogers Charter School include a Grade 1 through Grade 8 school located in the City of Newark.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

There are no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation

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

Charter School-wide Statements: The statement of net assets and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the Charter School. Governmental activities generally are financed through intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net assets presents the financial condition of the governmental and business-type activity of the Charter School at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the Charter School.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund Financial Statements: During the fiscal year, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the Charter School's funds, including its fiduciary funds. Separate statements for each fund category — *governmental*, *proprietary*, and *fiduciary* — are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey Charter Schools to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among Charter School financial reporting models.

The Charter School reports the following *governmental* funds:

General Fund: The general fund is the general operating fund of the Charter School and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the capital outlay subfund.

As required by the New Jersey State Department of Education, the Charter School includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by School Board resolution.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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 Fund Types: These funds account for operations that are organized to be self-supporting through user charges and are similar to those often found in private business enterprises.

The Charter School reports the following *proprietary* fund:

> Enterprise (Food Services) Fund: The enterprise fund accounts for all revenues and expenses pertaining to the Charter School's Food Service operations. These funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Fiduciary Funds: The funds are used to account for assets held by the Charter School on behalf of others.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

The Charter School reports the following *fiduciary* funds:

Agency Funds: The agency funds are used to account for assets held by the Charter School on behalf of outside parties, including other governments, or on behalf of other funds within the Charter School. The agency funds included are as follows:

Payroll and Student Activities Funds: These are agency funds used to account for the assets that the Charter School holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

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.

Unemployment Insurance Trust Fund: An expendable trust fund used to account for deductions from employees' salaries which are utilized to pay unemployment compensation claims as they arise.

C. Basis of Accounting – Measurement Focus

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

Charter School-wide, Proprietary, and Fiduciary Fund Financial Statements: The Charter School-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting while the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. The Charter School is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting – Measurement Focus (Continued)

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the Charter School follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. They are submitted to the county office. 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 and transfers must be approved by School Board resolution.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles (GAAP) with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The following presents a reconciliation of the special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting:

Total Revenues & Expenditures (Budgetary Basis)	$ 444,839
Adjustments:	
Less Encumbrances at June 30, 2011	-
Plus Encumbrances at June 30, 2010	-
Total Revenues and Expenditures (GAAP Basis)	$ 444,839

E. Encumbrances Accounting

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenues fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrances Accounting (Continued)

Open encumbrances in the special revenue fund for which the Charter School has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Assets, Liabilities, and Equity

Interfund Transactions:

Transfers between governmental and business-type activities on the Charter School-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund Transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

Prepaid Expenses:

Prepaid expenses which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure in the year of purchase.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Capital Assets:

School has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Charter School does not possess any infrastructure. The capitalization threshold used by Charter Schools in the State of New Jersey is $2,000. All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

Asset Class	Estimated Useful Lives
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Office & computer equipment	5-10

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlement received before the eligibility requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the Charter School-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets:

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

Fund Balance Reserves:

The Charter School reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances in accordance with N.J.S.A. 18:F7.

Revenues — Exchange and Nonexchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Charter School, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the Charter School receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the Charter School, these revenues are sales in the Enterprise Fund. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses:

The Charter School reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Management Estimates:

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

Accrued Salaries and Wages:

Certain Charter School employees who provide services to the Charter School over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, money market accounts and short-term investments with original maturities of three months or less.

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity of any discount or premium. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 3 requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments. Category 1 includes deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 2 includes uninsured and unregistered deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 3 includes uninsured or unregistered deposits/investments held by a broker or dealer, or held by the Board's custodial bank trust department or agent but not in the Board's name. These categories are not broad representations that deposits or investments are "safe" or "unsafe".

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits

New Jersey statutes require that Charter Schools deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Charter Schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

> The market value of the collateral must equal at least five percent of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than $25,000,000.

Investments

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

a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase
c. Bonds or other obligations of the Charter School.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

As of June 30, 2011, cash and cash equivalents and investments of the Charter School consisted of the following:

	General Fund	Special Revenue	Proprietary Fund	Fiduciary Funds	Total
Operating Account	$ 3,101,658	$ -	$ 20,330	$ 54,717	$ 3,176,705

The investments recorded in the Charter School-wide statements have been recorded at amortized cost. In accordance with GASB 31, participating interest earning investment contracts that have a remaining maturity at the time of purchase of one year or less may be reported at amortized cost. For those securities purchased more than one year from the maturity date, the difference between the carrying amount and market value is not material to the Charter School-wide statements. The carrying amount of the Board's cash and cash equivalents at June 30, 2011 was $3,176,705 and the bank balance was $3,324,162. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Risk Category

All bank deposits, as of the balance sheet date, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act. In general, bank deposits are classified as to credit risk by three categories described below:

All bank deposits, as of the balance sheet date, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act. In general, bank deposits are classified as to credit risk by three categories described below:

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Risk Category (Continued)

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

Category 2 — Collateralized with securities held by the pledging public depository's trust department or agent in the Board's name.

Category 3 — Uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository, or by its trust department or agent, but not in the Board's name.

As of June 30, 2011, the Board had funds invested and on deposit in checking accounts. These funds constitute deposits with financial institutions" as defined by GASB Statement No. 3 and are classified as Category 1, both at year-end and throughout the year.

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, 2011, the Charter School had no funds on deposit with the New Jersey Cash Management Fund.

NOTE 3: RECEIVABLES

Receivables at June 30, 2011, consisted of accounts (tuition), intergovernmental, grants, and miscellaneous.

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

NOTE 3: RECEIVABLES (CONTINUED)

	Governmental Fund Financial Statements	Governmental Wide Financial Statements
State Aid	$ 291,256	$ 291,885
Federal Aid	76,966	116,096
Other	23,588	23,588
Gross Receivables	391,810	431,569
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	$ 391,810	$ 431,569

NOTE 4: INTERFUND TRANSFERS AND BALANCES

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

The following interfund balances remained on the fund financial statements at June 30, 2011:

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 65,588	$ -
Special Revenue Fund		64,588
Proprietary Funds		500
Fiduciary Funds		500
Total	$ 65,588	$ 65,588

NOTE 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	57,954	27,024	-	84,978
Totals at Historical Cost	57,954	27,024	-	84,978
Less Accumulated Depreciation For:				
Machinery and Equipment	54,723	3,409	-	58,132
Total Accumulated Depreciation	54,723	3,409	-	58,132
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	3,231	23,615	-	26,846
Government Activity Capital Assets, Net	$ 3,231	$ 23,615	$ -	$ 26,846
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	$ -	$ 6,628	$ -	$ 6,628
Less Accumulated Depreciation	-	(663)	-	(663)
Enterprise Fund Capital Assets, Net	$ -	$ 5,965	$ -	$ 5,965

In January 11, 2001, the New Jersey State Department of Education announced that effective July 1, 2001, the capitalization threshold used by Charter Schools in the State of New Jersey is increased to $2,000. The previous threshold was $500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the Charter School has removed from their records assets with a historical cost greater than $500 but not greater than $2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense of $3,409 was charged to an unallocated function.

NOTE 6: RENTAL LEASE

As of the end of the school year, June 30, 2011, the Charter School was under three separate lease obligations as noted below. In addition, a fourth lease obligation for offices and classes at the premises located at 654 Summer Avenue, Newark, NJ, terminated on August 31, 2011; this lease was not renewed. In July, 2011, the Charter School signed a new lease for the building located at 243 Woodside Avenue, to house grades Kindergarten thru Grade 4. This lease was to commence September, 2011, and continue for a period of five years. Rent expense for this year amounted to $310,207. Future minimum annual rental is as follows:

Address	Term	Rental 2011-2012	Rental 2012-2013	Rental 2013-2014
18 Heller Parkway Use - School	September 1, 2008 to August 31, 2013	$201,576	$209,639	
233 Woodside Avenue Use - Offices/Classes	September 1, 2011 to June 30, 2014	$ 22,710	$ 28,620	$ 30,048
18 Heller - Cafeteria	November 1, 2008 to August 31, 2013	$ 6,000	$ 6,000	
243 Woodside Avenue Use - K thru Grade 4	September 1, 2011 to August 31, 2016	$299,376	$308,732	$318,087
	Totals	**$529,662**	**$552,991**	**$348,135**

NOTE 7: PENSION PLANS

Description of Plans

All required employees of the Charter 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, P.O. Box 295, Trenton, New Jersey, 08625.

NOTE 7: 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 Charter School and the system's other related noncontributing 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 was established as of January 1, 1955 under the provisions of N.J.S.A. 43:1 5A 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:66 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 two percent 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.

NOTE 7: PENSION PLANS (CONTINUED)

Significant Legislation

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 one percent to 4.5 percent 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 Charter Schools' normal contributions to the Fund may be reduced based on the revaluation of assets.

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 five percent 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 cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Charter School is a noncontributing employer of TPAF.

One-Year Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/11	$53,110	100%	$53,110

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/11	None	100%	None
06/30/10	None	100%	None
06/30/09	None	100%	None

NOTE 8: POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62.

Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in Fiscal Year 1996 to maintain a medical reserve of one half of one percent of the active State payroll. The State made post-retirement (PRM) contributions of $592.7 million for TPAF and $224.3 million for PERS in fiscal year 2008.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS, and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid $126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

NOTE 9: RISK MANAGEMENT

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

Property and Liability Insurance

The Charter School maintains commercial insurance coverage for property, liability, student accident, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

NOTE 9: RISK MANAGEMENT (CONTINUED)

New Jersey Unemployment Compensation Insurance (Continued)

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

New Jersey Unemployment Compensation Insurance (Continued)

Fiscal Year	Charter School Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2010-2011	$ 31,007	$ 5,179	$ 40,580	$ 20,380

NOTE 10: FUND BALANCE APPROPRIATED

General Fund

The $3,081,382 General Fund fund balance in the fund financial statements at June 30, 2011 is unreserved and undesignated.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULE

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2011

C-1
Sheet 1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Levy Budget:					
"Local Levy" Local Share-Charter School Aid	$ 606,785	$ 30,564	$ 637,349	$ 637,349	$ -
Total Local Levy Budget	606,785	30,564	637,349	637,349	-
Categorical Aid:					
Special Education	144,900	(71,292)	73,608	73,608	-
Security Aid	161,124	2,719	163,843	163,843	-
Equalization Aid	3,994,599	201,211	4,195,810	4,195,810	-
Non-Public Aid		171,355	171,355	171,355	-
Total Categorical Aid	4,300,623	303,993	4,604,616	4,604,616	-
Revenues From Other Sources:					
Interest Income				7,192	7,192
Miscellaneous Revenue	20,000		20,000	142,283	122,283
On-Behalf TPAF Pension Contributions (Non-Budgeted)				67,947	67,947
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				123,530	123,530
Total Revenues From Other Sources	20,000	-	20,000	340,952	320,952
Total Revenues	4,927,408	334,557	5,261,965	5,582,917	320,952
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,253,542	(201,267)	1,052,275	1,048,629	3,646
Other Salaries for Instruction	1,017,113	(277,375)	739,738	681,710	58,028
Purchased Prof/Tech Services	49,350	5,650	55,000	27,650	27,350
Other Purchased Services	43,785	41,214	84,999	45,046	39,953
General Supplies	85,144	36,344	121,488	121,469	19
Textbooks	50,000	53,621	103,621	27,879	75,742
Miscellaneous	6,200	33,800	40,000	1,340	38,660
Total Instruction	2,505,134	(308,013)	2,197,121	1,953,723	243,398
Administration:					
Salaries - General Administration	276,780	64,911	341,691	341,691	-
Salaries of Secretarial/Clerical Assistants	211,895	9,241	221,136	221,136	-
Total Benefits Cost	943,727	(21,765)	921,962	623,151	298,811
Purchases Prof/Tech Services	35,792		35,792	17,967	17,825
Other Purchased Services	82,300	(2,374)	79,926	46,161	33,765
Communications/Telephone	40,000	2,374	42,374	42,374	-
Supplies and Materials	55,000		55,000	30,524	24,476
Miscellaneous Expenses	25,000		25,000	15,701	9,299
Total Administration	1,670,494	52,387	1,722,881	1,338,705	384,176

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued from Prior Page)					
Support Services:					
Salaries	$ 351,817	$ (43,547)	$ 308,270	$ 212,122	$ 96,148
Rental of Land and Buildings	316,823	(58)	316,765	310,207	6,558
Other Purchased Services	280,648	6,701	287,349	104,293	183,056
Insurance for Property, Liability and Fidelity	31,000		31,000	18,706	12,294
Supplies and Materials	55,000	9,690	64,690	46,614	18,076
Energy Costs (Heat and Electricity)	73,998		73,998	47,331	26,667
Total Support Services	1,109,286	(27,214)	1,082,072	739,273	342,799
Capital Outlay:					
Instructional Equipment	55,000	22,000	77,000	76,493	507
Non-Instructional Equipment	55,000	23,000	78,000	9,610	68,390
Purchased of Land/Improvements	31,500	87,637	119,137		119,137
Total Capital Outlay	141,500	132,637	274,137	86,103	188,034
On-Behalf TPAF Pension Contributions (Non-Budgeted)				67,947	(67,947)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				123,530	(123,530)
Total Expenditures	5,426,414	(150,203)	5,276,211	4,309,281	966,930
Excess (Deficiency) of Revenues Over (Under) Expenditures	(499,006)	484,760	(14,246)	1,273,636	1,287,882
FUND BALANCE, JULY 1	1,807,746	-	1,807,746	1,807,746	-
FUND BALANCE, JUNE 30	$ 1,308,740	$ 484,760	$ 1,793,500	$ 3,081,382	$ 1,287,882
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	$ 1,308,740	$ 484,760	$ 1,793,500	$ 3,081,382	$ 1,287,882
Total	$ 1,308,740	$ 484,760	$ 1,793,500	$ 3,081,382	$ 1,287,882

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Federal	$ 360,516	$ 153,740	$ 514,256	$ 444,839	$ (69,417)
Total Revenues	360,516	153,740	514,256	444,839	(69,417)
EXPENDITURES:					
Instruction:					
Salaries	235,385	110,290	345,675	295,148	50,527
General Supplies	22,023	462	22,485	21,889	596
Other Objects	11,000	(119)	10,881	4,525	6,356
Total Instruction	268,408	110,633	379,041	321,562	57,479
Support Services:					
Personal Services - Employee Benefits	47,270	21,389	68,659	58,671	9,988
Purchased Technical Services	43,818	21,488	65,306	63,784	1,522
Miscellaneous Expenditures	1,020	230	1,250	822	428
Total Support Services	92,108	43,107	135,215	123,277	11,938
Total Expenditures	360,516	153,740	514,256	444,839	69,417
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ -	$ -	$ -	$ -	$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
Fiscal Year Ended June 30, 2011

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

		General Fund		Special Revenue Fund
Sources/Inflows of Resources				
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	**[C-1]**	5,582,917	**[C-2]**	$ 444,839
Difference - Budget to GAAP				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized				-
Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	**[B-2]**	$ 5,582,917	**[B-2]**	$ 444,839
Uses/Outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	**[C-1]**	$ 4,309,281	**[C-2]**	$ 444,839
Differences - Budget to GAAP:				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.				-
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	**[B-2]**	$ 4,309,281	**[B-2]**	$ 444,839

OTHER SUPPLEMENTARY INFORMATION

SECTION E – SPECIAL REVENUE FUND
DETAIL STATEMENTS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expandable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	NCLB Title I	NCLB Title I Carryover	I.D.E.A. Part B	I.DE.A. Part B Carryover	NCLB Title II Part A
REVENUE SOURCES:					
Federal	$ 243,689	$ 28,070	$ 41,944	$ 5,134	$ 8,525
Total Revenues	243,689	28,070	41,944	5,134	8,525
EXPENDITURES:					
Instruction:					
Salaries	161,092	23,614	26,763	4,220	
General Supplies	19,913		1,976		
Other Objects	4,415				
Total Instruction	185,420	23,614	28,739	4,220	-
Support Services:					
Personal Services - Employee Benefits	32,044	4,456	6,550	914	
Other Purchased Prof/Tech Services	25,403		6,655		8,525
Other Objects	822				
Total Support Services	58,269	4,456	13,205	914	8,525
Total Expenditures	243,689	28,070	41,944	5,134	8,525
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ -	$ -	$ -	$ -	$ -

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	NCLB Title II Part A Carryover	NCLB Title II Part D Carryover	ARRA I.D.E.A.	ARRA Title I	Grand Total
REVENUE SOURCES:					
Federal	$ 2,132	$ 729	$ 22,472	$ 92,144	$ 444,839
Total Revenues	2,132	729	22,472	92,144	444,839
EXPENDITURES:					
Instruction:					
Salaries	2,132			77,327	295,148
General Supplies					21,889
Other Objects				110	4,525
Total Instruction	2,132	-	-	77,437	321,562
Support Services:					
Personal Services - Employee Benefits				14,707	58,671
Other Purchased Prof/Tech Services		729	22,472		63,784
Other Objects					822
Total Support Services	-	729	22,472	14,707	123,277
Total Expenditures	2,132	729	22,472	92,144	444,839
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ -	$ -	$ -	$ -	$ -

SECTION G – PROPRIETARY FUND DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the Charter School's board is that the costs of providing goods and services be financed through user charges.

Food Service Fund - This fund provides for the operation of food services for the Charter School.

Child Care Program – This fund provides for the operation of a before and after school child care program within the school.

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

SECTION H – FIDUCIARY FUNDS
DETAIL STATEMENTS

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

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

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

Payroll Agency Fund – This agency fund is used to account for payroll transactions of the Charter School.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Trust and Agency Funds
Combining Statement of Fiduciary Net Assets
June 30, 2011

	Trust		Agency			
	Unemployment Compensation Insurance	Total Trust Funds	Payroll Agency	Net Payroll	Student Activities	Total Agency Funds
ASSETS:						
Cash and Cash Equivalents	$ 30,514	$ 30,514	$ 500	$ 13,869	$ 9,834	$ 24,203
Total Assets	30,514	30,514	$ 500	$ 13,869	$ 9,834	$ 24,203
LIABILITIES:						
Interfund Accounts Payable		-	$ 500			$ 500
Accounts Payable	10,134	10,134				
Accrued Salaries and Benefits				13,869		13,869
Due to Student Groups					9,834	9,834
Total Liabilities	10,134	10,134	$ 500	$ 13,869	$ 9,834	$ 24,203
NET ASSETS:						
Reserved for Unemployment Compensation Claims	20,380	20,380				
Total	$ 20,380	$ 20,380				

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Assets
Trust Funds
For the Fiscal Year Ended June 30, 2011

	Unemployment Compensation Insurance	Total Trusts
ADDITIONS:		
Contributions:		
Employee	5,179	5,179
Board	31,007	31,007
Total Additions	36,186	36,186
DEDUCTIONS:		
Payment of Claims	40,580	40,580
Total Deductions	41,141	41,141
CHANGE IN NET ASSETS	(4,955)	(4,955)
NET ASSETS (DEFICIT), JULY 1	25,335	25,335
NET ASSETS (DEFICIT), JUNE 30	$ 20,380	$ 20,380

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Fiduciary Funds
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2011

	Balance July 1, 2010	Cash Receipts	Cash Disbursements	Balance June 30, 2011
Student Activities	$ 17,419	$ 27,756	$ 35,341	$ 9,834
Total	$ 17,419	$ 27,756	$ 35,341	$ 9,834

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Fiduciary Funds
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
ASSETS:				
Cash and Cash Equivalents	$ -	$ 500	$ -	$ 500
Total Assets	$ -	$ 500	$ -	$ 500
LIABILITIES:				
Interfund Accounts Payable	-	500	-	500
Total Liabilities	$ -	$ 500	$ -	$ 500

STATISTICAL SECTION
(UNAUDITED)

GASB requires that ten years of statistical data be presented. State law usually grants charters for less than ten years. The following information is presented utilizing information available. Each year thereafter, an additional year's data will be included until ten years of data is presented.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the charter school's financial performance and well being have changed over time.

Revenue Capacity (Not Applicable To Charter School)

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the charter school's current levels of outstanding debt and the charter school's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the charter school's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the charter school's financial report relates to the services the district provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The charter school implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting charter school-wide information include information beginning in that year.*

FINANCIAL TRENDS

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Net Assets by Component
Last Two Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,	
	2011	2010
Governmental Activities		
Invested in capital assets	$ 26,846	$ -
Unrestricted	3,081,382	1,937,794
Total Governmental Activities Net Assets	$ 3,108,228	$ 1,937,794
Business-Type Activities		
Invested in capital assets	$ -	$ -
Unrestricted	65,554	14,307
Total Business-Type Activities Net Assets	$ 65,554	$ 14,307
Charter School-wide		
Invested in capital assets	$ 26,846	$ -
Unrestricted	3,146,936	1,952,101
Total Charter School-wide Net Assets	$ 3,173,782	$ 1,952,101

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Changes in Net Assets
Last Two Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,	
	2011	2010
Expenses		
Governmental Activities:		
Instruction	$ 2,901,493	$ 1,818,727
Administration	822,088	1,117,488
Support Services	944,436	667,124
Capital Outlay	59,078	135,761
Unallocated	3,409	707
Total Governmental Activites Expenses	4,730,504	3,739,807
Business-Type Activities:		
Food Service	192,489	187,550
Total Business-Type Activites Expenses	192,489	187,550
Total Charter School Expenses	$ 4,922,993	$ 3,927,357
Program Revenues		
Governmental Activities:		
Operating Grants and Contributions	$ 73,608	$ -
Total Governmental Activites Expenses	73,608	-
Business-Type Activities:		
Charges for Services	44,877	15,962
Operating Grants and Contributions	198,859	185,894
Capital Grants and Contributions	-	-
Total Business-Type Activites Expenses	243,736	201,856
Total Charter School Program Revenues	$ 317,344	$ 201,856
Net (Expense)/Revenue		
Governmental Activities	$ (4,656,896)	$ (3,739,807)
Business-Type Activities	51,247	14,306
Total Charter School-wide Net Expense	$ (4,605,649)	$ (3,725,501)

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Changes in Net Assets
Last Two Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,	
	2011	2010
General Revenues and Other Changes in Net Assets		
Governmental Activities:		
General Purposes	$ 637,349	$ -
Federal and State Aid Not Restricted	5,167,324	4,229,563
Miscellaneous Income	149,474	571,927
Total Governmental Activities	5,954,147	4,801,490
Total Charter School-wide	$ 5,954,147	$ 4,801,490
Change in Net Assets		
Governmental Activities	$ 1,297,251	$ 1,054,534
Business-Type Activities	51,247	14,306
Total Charter School	$ 1,348,498	$ 1,068,840

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Fund Balances - Governmental Funds
Last Two Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,	
	2011	2010
General Fund		
Unreserved	3,081,382	1,807,747
Total General Fund	$ 3,081,382	$ 1,807,747

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Changes in Fund Balances - Governmental Funds
Last Two Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	2011	2010
Revenues:		
Local Sources:		
Local Tax Levy	$ 637,349	$ 494,911
Interest In Investments	7,192	4,047
Miscellaneous	142,283	183,005
State Sources	4,796,093	3,734,652
Federal Sources	444,839	384,875
Total Revenues	6,027,756	4,801,490
Expenditures:		
Instruction	2,275,285	1,818,727
Administration	1,530,182	1,117,488
Support Services	862,550	667,124
Capital Outlay	86,103	136,468
Total Expenditures	4,754,120	3,739,807
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,273,636	1,061,683
Other Financing Sources (Uses):		
Transfers Out	-	(7,149)
Total Other Financing Sources (Uses)	-	(7,149)
Net Change in Fund Balance	$ 1,273,636	$ 1,054,534

Source: Charter School records

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
General Fund - Other Local Revenue by Source
Last Two Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Donations	Interest Income	Miscellaneous Revenue	Annual Total
2011	$ 27,549	$ 7,192	$ 107,542	$ 142,283
2010	-	4,047	178,958	183,005

Source: Charter School records

OPERATING INFORMATION

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Full-Time Equivalent Charter School Employees by Function
Last Two Fiscal Years

Function	2011	2010
Instruction	41	34
Administrative	9	9
Support Services	6	5
Food Service	-	-
Total	56	48

Source: Charter School Personnel Records

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Operating Statistics
Last Two Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures [a]	Cost Per Pupil	Percentage Change	Teaching Staff [b]	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	Percent Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2011	366.0	$ 4,668,017	$ 12,754	2.63%	N/A	N/A	N/A	366.0	347.3	21.28%	94.90%
2010	290.0	3,604,046	12,428	0.00%	N/A	N/A	N/A	288.1	279.0	25.72%	96.84%

Sources: Charter School records

Note: Enrollment based on annual final Charter School count.

a Operating expenditures equal total expenditures less debt service and capital outlay.
b Teaching staff includes only full-time equivalents of certified staff.
c Average daily enrollment and average daily attendance are obtained from School Register Summary (SRS).

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
School Building Information
Last Ten Fiscal Years

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Charter School Building										
18 Heller Parkway										
Square Feet	11,200	11,200	11,200	11,200	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	366	290	217	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Middle School - (4 - 8)										
Name of School (Year)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other										
Name of Building (Year)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Number of Schools at June 30, 2011
Elementary = _____
Middle School = _____
Other = _____

Source: Charter School Facilities Office

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

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Insurance Schedule
June 30, 2011

	Coverage	Deductible
COMMERCIAL PACKAGE		
Commercial General Liability - NJ School Boards Assoc. Insurance Group		
Personal and advertising injury		
Aggregate limit	21,000,000	
Per occurrence	21,000,000	
Employee benefits liability - per occurrence/annual aggregate	21,000,000	
Child molestation/sexual abuse - per occurrence/annual aggregate	21,000,000	
Premises medical payments		
Per person	10,000	100
Per accident	10,000	
Commercial Property - NJSBA Insurance Group		
Blanket real and personal property	500,000,000	1,000
Blanket extra expense - per occurrence	25,000,000	
Blanket valuable papers and records	50,000	
EDP Coverage - NJSBA Insurance Group		
Blanket hardware - scheduled limit	63,000	1,000
Business Automobile Coverage - NJSBA Insurance Grup		
Combined single limit for bodily injury and property damage		
Per accident/annual aggregate	21,000,000	1,000 each accident
Crime Coverage - NJSBA Insurance Group		
Faithful performance limit	50,000	1,000
Excess Liability - Umbrella Form - NJSBA Insurance Group	Not in effect since primary limits are available up to $31,000,000	
Errors and Omissions - NJSBA Insurance Group		
Aggregate limit	21,000,000	5,000
Workman's Compensation - NJSBA Insurance Group		
Each accident	2,000,000	
Disease		
Each employee	2,000,000	
Policy limit	2,000,000	
Boiler and Machinery - NJSBA Insurance Group		
Property damage	100,000,000	1,000
Extra expense	10,000,000	

Source: Charter School's Records

SINGLE AUDIT SECTION

BARRE & COMPANY
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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 President and
Members of the Board of Trustees
Maria L. Varisco-Rogers Charter School
County of Essex
Newark, New Jersey

We have audited the financial statements of Maria L. Varisco-Rogers Charter School (Charter School), in the County of Essex, State of New Jersey, as of and for the year ended June 30, 2011, and have issued our report thereon dated September 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control over Financial Reporting

Management of the Charter School is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Charter School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over financial reporting.

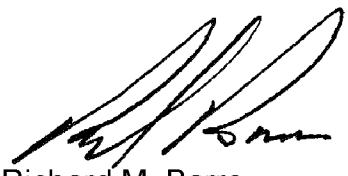
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School financial statements are free of 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* and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

This report is intended solely for the information and use of management, the audit committee, Maria L. Varisco-Rogers Charter School Board of Trustees, the New Jersey State 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 those specified parties.



Richard M. Barre
Licensed Public School Accountant
No. CS-01181
Barre & Company, CPA's

September 15, 2011

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

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

Compliance

We have audited the compliance of the Maria L. Varisco-Rogers Charter School (Charter School), in the County of Essex, State of New Jersey, with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal and state programs for the year ended June 30, 2011. The Charter School's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. 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 Charter School's management. Our responsibility is to express an opinion on the Charter School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit* Organization; and New Jersey OMB's Circular 04-04, *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 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred.

An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Charter School's compliance with those requirements.

In our opinion, the Maria L. Varisco-Rogers Charter School, in the County of Essex, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2011.

Internal Control over Compliance

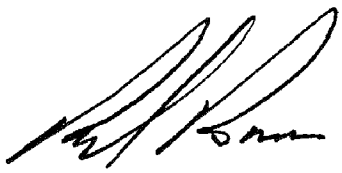
Management of the Charter School is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Charter School's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Charter School's internal control over compliance.

A *deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses.

We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. The Charter School's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Charter School's responses and, accordingly, we express no opinion on the responses.

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



Richard M. Barre
Licensed Public School Accountant
No. CS-01181
Barre & Company, CPA's

September 15, 2011

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June, 30, 2011

Federal Grantor/ Pass-through Grantor Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2010	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2011 Accounts Receivable	Balance at June 30, 2011 Deferred Revenue	Balance at June 30, 2011 Due to Grantor
U.S. Department of Education														
Passed-through State Department of Education														
Special Revenue Fund:														
Title I	84.010	NCLB 2011	$ 292,527	9/1/10	8/31/11	$ (168,304)	$ -	$ 355,318	$ (243,689)	$ -	$ -	$ (56,675)	$ -	$ -
Title I Carryover	84.010	NCLB 2010	28,137	9/1/09	8/31/10			28,070	(28,070)					
Title II Part A	84.367	NCLB 2011	8,525	9/1/10	8/31/11			8,244	(8,525)			(281)		
Title II Part A Carryover	84.367	NCLB 2010	2,132	9/1/09	8/31/10			2,132	(2,132)					
Title II Part D Carryover	84.318	NCLB 2010	729	9/1/09	8/31/10			729	(729)					
I.D.E.A. Part B Basic	84.027	IDEA 2011	57,044	9/1/10	8/31/11	(32,918)		74,862	(41,944)					
I.D.E.A. Part B Basic Carryover	84.027	IDEA 2010	5,134	9/1/09	8/31/10			5,134	(5,134)					
ARRA - Title I Part A	84.389	ARRA 2011	163,966	7/1/10	8/30/11	13,800		58,334	(92,144)			(20,010)		
ARRA - IDEA Carryover	84.391	ARRA 2010	22,473	7/1/09	9/30/11			22,472	(22,472)					
Total Special Revenue Fund						(187,422)	-	555,295	(444,839)	-	-	(76,966)	-	-
U.S. Department of Agriculture														
Passed-through State Department of Education														
Enterprise Fund:														
School Breakfast Program	10.553	N/A	49,158	7/1/10	6/30/11			39,381	(49,158)			(9,777)		
National School Lunch Program	10.555	N/A	146,728	7/1/10	6/30/11			117,375	(146,728)			(29,353)		
National School Lunch Program	10.555	N/A	14,853	7/1/09	6/30/10	(14,853)		14,853						
Total Enterprise Fund						(14,853)	-	171,609	(195,886)	-	-	(39,130)	-	-
Total Federal Financial Awards						$ (202,275)	$ -	$ 726,904	$ (640,725)	$ -	$ -	$(116,096)	$ -	$ -

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

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June, 30, 2011

State Grantor/Program Title	Grant Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2010 Deferred Revenue (Accounts Receivable)	Balance at June 30, 2010 Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2011 (Accounts Receivable)	Balance at June 30, 2011 Interfund Payable/ Deferred Revenue	Balance at June 30, 2011 Due to Grantor		MEMO Budgetary Receivable	MEMO Cumulative Total Expenditures
State Department of Education:																
General Fund:																
"Local Levy" State Share - Charter School Aid	11-495-034-5120-071	$ 4,195,810	7/1/10	6/30/11	$ -	$ -	$ -	$ 4,195,810	$ (4,195,810)	$ -	$ -	$ -	$ -	*	$ -	$ 4,195,810
Special Education Aid	11-495-034-5120-089	73,608	7/1/10	6/30/11				73,608	(73,608)					*		73,608
Nonpublic Aid	11-100-034-5068-042	171,355	7/1/10	6/30/11				171,355	(171,355)					*		171,355
Security Aid	11-495-034-5120-084	163,843	7/1/10	6/30/11				163,843	(163,843)					*		163,843
Reimbursed TPAF - Pension	11-495-034-5095-006	67,947	7/1/10	6/30/11				67,947	(67,947)					*		67,947
Reimbursed TPAF - Social Security	11-495-034-5095-002	123,530	7/1/10	6/30/11				123,530	(123,530)					*		123,530
Total General Fund								4,796,093	(4,796,093)					*		4,796,093
State Department of Agriculture														*		
Enterprise Fund:														*		
National School Lunch Program (State Share)	11-100-010-3350-023	2,973	7/1/10	6/30/11				2,344	(2,973)		(629)			*		2,973
National School Lunch Program (State Share)	10-100-010-3350-023	633	7/1/09	6/30/10	(633)			633						*		
Total Enterprise Fund					(633)			2,977	(2,973)		(629)			*		2,973
Total State Financial Assistance					$ (633)	$ -	$ -	$ 4,799,070	$ (4,799,066)	$ -	$ (629)	$ -	$ -	*	$ -	$ 4,799,066

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

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2011

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Trustees, Maria L. Varisco-Rogers Charter School. The Board of Trustees is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2011

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to GAAP basis is none for the general fund and none for the special revenue fund. See *Note 1* (the Notes to Required Supplementary Information) for a reconciliation of the budgetary to the modified accrual basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Charter School's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	$ -	$ 4,796,093	$ 4,796,093
Special Revenue Fund	444,839	-	444,839
Proprietary Fund	195,886	2,973	198,859
Total Awards & Financial Assistance	$ 640,725	$ 4,799,066	$ 5,439,791

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOAN OUTSTANDING

Maria L. Varisco-Rogers Charter School has no loan balances outstanding at June 30, 2011.

NOTE 6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2011. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued		Unqualified
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ Yes	__X__ No
2) Significant deficiencies that are not considered to be material weaknesses?	_____ Yes	None __X__ Reported
Noncompliance material to basic financial statements noted?	_____ Yes	__X__ No

Federal Awards

Internal Control over major programs:		
1) Material weakness(es) identified?	_____ Yes	__X__ No
2) Significant deficiencies that are not considered to be material weaknesses?	_____ Yes	None __X__ Reported
Type of auditors' report issued on compliance for major programs		Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133?	_____ Yes	__X__ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I
10.555	National School Lunch Program

Dollar threshold used to distinguish between Type A and Type B programs:		$300,000
Auditee qualified as low-risk auditee?	__X__ Yes	_____ No

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

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

State Awards

Dollar threshold used to distinguish between Type A and Type B programs:		$300,000
Auditee qualified as low-risk auditee?	__X__ Yes	_____ No
Internal Control over major programs:		
1) Material weakness(es) identified?	_____ Yes	__X__ No
2) Significant deficiencies that are not considered to be material weaknesses?	_____ Yes	None __X__ Reported
Type of auditor's report issued on compliance for major programs		Unqualified
Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04?	_____ Yes	__X__ No

Identification of major state programs:

GMIS Number(s)	Name of State Program
10-495-034-5120-071	Local Levy – State Share

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a Circular A-133. See paragraphs 13.15 and 13.35.

Finding

There were no matters reported.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

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

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular Letter 04-04.

FEDERAL AWARDS

Findings

There were no matters reported.

STATE AWARDS

Findings

There were no matters reported.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Summary Schedule of Prior Year Audit Findings
And Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2011

STATUS OF PRIOR-YEAR FINDINGS

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB Circular A-133 (.315(a)(b)) and NJOMB's Circular 04-04.

Findings

There were no matters reported.