

**MARIA L. VARISCO-ROGERS
CHARTER SCHOOL**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2016

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, 2016***

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NEWARK, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Prepared by

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

And

Barre & Company, CPAs

STATE BOARD OF EDUCATION

MARK W. BIEDRON Hunterdon
President

JOSEPH FISICARO Burlington
Vice President

ARCELIO APONTE Middlesex

RONALD K. BUTCHER Gloucester

CLAIRE CHAMBERLAIN Somerset

JACK FORNARO Warren

EDITHE FULTON Ocean

ERNEST P. LEPORE Hudson

ANDREW J. MULVIHILL Sussex

J. PETER SIMON Morris

DOROTHY S. STRICKLAND Essex

**David C. Hespe, Commissioner of Education
Secretary, State Board of Education**

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
TABLE OF CONTENTS**

	Page
INTRODUCTORY SECTION	1
Letter of Transmittal.....	2
Organizational Chart.....	12
Roster of Officials	13
Consultants and Advisors	14
FINANCIAL SECTION.....	15
Independent Auditor's Report	16
REQUIRED SUPPLEMENTARY INFORMATION – PART I.....	19
Management’s Discussion and Analysis.....	20
BASIC FINANCIAL STATEMENTS.....	26
SECTION A – CHARTER SCHOOL–WIDE FINANCIAL STATEMENTS.....	27
A-1 Statement of Net Position.....	28
A-2 Statement of Activities.....	29
SECTION B – FUND FINANCIAL STATEMENTS.....	30
GOVERNMENTAL FUNDS	31
B-1 Balance Sheet.....	32
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances.....	33
B-3 Reconciliation of Statements of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	34
PROPRIETARY FUNDS.....	35
B-4 Combining Statement of Net Position	36
B-5 Combining Statement of Revenues, Expenses, and Changes in Net Position	37
B-6 Combining Statement of Cash Flows	38
FIDUCIARY FUNDS.....	39
B-7 Statement of Fiduciary Net Position	40
B-8 Statement of Changes in Fiduciary Net Position	41
NOTES TO THE FINANCIAL STATEMENTS	42
REQUIRED SUPPLEMENTARY INFORMATION – PART II.....	72

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
TABLE OF CONTENTS**

Page

FINANCIAL SECTION (CONTINUED)

SECTION C – BUDGETARY COMPARISON SCHEDULE 73

C-1	Budgetary Comparison Schedule – General Fund.....	74
C-1a	Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual.....	N/A
C-1b	Community Development Block Grant - Budget and Actual.....	N/A
C-2	Budgetary Comparison Schedule – Special Revenue Fund	76

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION 77

C-3	Budget-to-GAAP Reconciliation	78
-----	-------------------------------------	----

REQUIRED SUPPLEMENTARY INFORMATION - PART III..... 79

**SECTION L - SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
PENSIONS (GASB 68)..... 80**

L-1	Schedule of the District's Proportionate Share fo the Net Pension Liability - PERS	81
L-2	Schedule of District Contributions - PERS	82
L-3	Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF.....	83

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III 84

OTHER SUPPLEMENTARY INFORMATION..... 86

SECTION D - SCHOOL BASED BUDGET SCHEDULES..... N/A

D-1	Combining Balance Sheet.....	N/A
D-2	Blended Resource Fund - Schedule of Expenditures Allocated by Resouce Type - Actual	N/A
D-3	Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A

SECTION E – SPECIAL REVENUE FUND 87

E-1	Combining Schedule of Revenues and Expenditures – Budgetary Basis	N/A
E-2	Preschool Education Aid Schedule of Expenditures - Budgetary Basis	N/A

SECTION F – CAPITAL PROJECTS FUND..... N/A

F-1	Summary Schedule of Project Expenditures.....	N/A
F-2	Summary Schedule if Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	N/A

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
TABLE OF CONTENTS**

	Page
FINANCIAL SECTION (CONTINUED)	
SECTION G – PROPRIETARY FUNDS	89
ENTERPRISE FUND	N/A
G-1 Combining Schedule of Net Position	N/A
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position.....	N/A
G-3 Combining Schedule of Cash Flow	N/A
INTERNAL SERVICE FUND	N/A
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position.....	N/A
G-6 Combining Schedule of Cash Flow	N/A
SECTION H – FIDUCIARY FUNDS.....	90
H-1 Combining Statement of Fiduciary Net Position	91
H-2 Statement of Changes in Fiduciary Net Position	92
H-3 Student Activities Fund – Schedule of Receipts and Disbursements.....	93
H-4 Payroll Agency Fund – Schedule of Receipts and Disbursements.....	94
SECTION I - LONG-TERM DEBT SCHEDULES.....	N/A
I-1 Statement of Serial Bonds.....	N/A
I-2 Schedule of Obligations under Capital Assets	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A
STATISTICAL SECTION (UNAUDITED).....	95
INTRODUCTION TO THE STATISTICAL SECTION.....	96
FINANCIAL TRENDS.....	97
J-1 Net Assets/Position by Component	98
J-2 Changes in Net Assets/Position	99
J-3 Fund Balances-Governmental Funds.....	100
J-4 Changes in Fund Balances, Governmental Funds.....	101
J-5 General Fund Other Local Revenue by Source	102
REVENUE CAPACITY	N/A
J-6 Assessed Value and Estimated Actual Value of Taxable Property	N/A
J-7 Direct and Overlapping Property Tax Rates	N/A
J-8 Principal Property Taxpayers*	N/A
J-9 Property Tax Levies and Collections	N/A

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
TABLE OF CONTENTS**

	Page
STATISTICAL SECTION (CONTINUED)	
DEBT CAPACITY.....	N/A
J-10 Ratios of Outstanding Debt by Type.....	N/A
J-11 Ratios of General Bonded Debt Outstanding.....	N/A
J-12 Direct and Overlapping Governmental Activities Debt.....	N/A
J-13 Legal Debt Margin Information.....	N/A
FINANCIAL SECTION (CONTINUED)	
DEMOGRAPHIC AND ECONOMIC INFORMATION.....	N/A
J-14 Demographic and Economic Statistics.....	N/A
J-15 Principal Employers.....	N/A
OPERATING INFORMATION.....	103
J-16 Full-time Equivalent Charter School Employees by Function/Program.....	104
J-17 Operating Statistics.....	105
J-18 School Building Information.....	106
J-19 Schedule of Required Maintenance Expenditures by School Facility.....	N/A
J-20 Insurance Schedule.....	107
J-21 Charter School Performance Framework, Financial Performance, Fiscal Ratios.....	108
*Private citizens should be listed as Individual Taxpayer 1, Individual Taxpayer 2, etc.	
SINGLE AUDIT SECTION.....	109
K-1 Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based On an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	110
K-2 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.....	112
K-3 Schedule of Expenditures of Federal Awards – Schedule A.....	115
K-4 Schedule of Expenditures of State Financial Assistance – Schedule B.....	116
K-5 Notes to the Schedules of Expenditures of Awards and Financial Assistance.....	117
K-6 Schedule of Findings and Questioned Costs.....	121
K-7 Summary Schedule of Prior Audit Findings and Questioned Costs as Prepared by Management.....	123

INTRODUCTORY SECTION

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
233 WOODSIDE AVENUE
NEWARK, NEW JERSEY 07104
973-484-9008

November 21, 2016

Honorable Chairperson and
Members of the Board of Trustees
Maria L. Varisco-Rogers Charter School
233 Woodside Avenue
PO Box 400010
County of Essex
Newark, New Jersey 07104

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of Maria L. Varisco-Rogers Charter School (Charter School) for the fiscal year ended **June 30, 2016** is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (Board). 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 basic financial statements and results of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four 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 Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;
- 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, and in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey OMB's Circular 15-08, *Single Audit Policy*

for Recipients of Federal Grants, State Grants and State Aid. Information related to this single audit, including the 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 students in the sixth grade and 16 students in the seventh grade. Over the past fifteen years the school has continued to grow in student and staff population, facilities and equipment, services offered, and in grades serviced. This academic year opened with 495 students from Kindergarten to eighth grade.

The goal for the 2016-2017 academic year will be to maintain 540 students enrolled from Kindergarten to eighth grade.

Maria L. Varisco-Rogers Charter School ended the 2015-2016 school year with an enrollment of 486 students. The following details the student enrollment of the Charter school over the last three years:

<u>Average Daily Enrollment</u>		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Attendance Rate</u>
2015-2016	486.0	95.80%
2014-2015	486.0	95.80%
2013-2014	464.0	94.04%
2012-2013	441.0	93.99%
2011-2012	366.0	94.89%
2010-2011	290.0	96.84%

2. MAJOR INITIATIVES:

A. PERSONNEL MANAGEMENT

During the 2015-2016 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. For the 2015-2016 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 13 teaching staff members, 1 new social worker, 1 new Director of ESL, and 1 new Reading Coach.

B. FACILITIES

The school remained successful in maintaining its facilities located at 18 Heller Parkway and 243 Woodside Avenue, and its administration buildings located at 233 Woodside Avenue and 381 Woodside Avenue, all in Newark, NJ. The school continued to use the space at building 233 Woodside Avenue to utilize the Science and Mac Computer Laboratory, as well as additional space for resources for ESL, language arts, and special education teachers.

MAJOR INITIATIVES: (CONTINUED)

C. EDUCATIONAL PROGRAM

In the 2015-2016 school year, the school continued with its revision of the school's educational program (curriculum and professional development) based on the data assessment of our students' needs and the recommendations made by the NJ Department of Education during the 5 year renewal.

The school has devoted its resources to the development and improvement of its curriculum and pedagogy. The curriculum guides include the New Jersey Core Curriculum Content Standards (NJCCCS) and Common Core State Standards (CCSS) 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. Teachers are involved in the process of curriculum revision and development while working with the Curriculum Consultant and Director of Curriculum and Assessment. Teachers have received training and support from consultants and the Director of Curriculum and Assessment in curriculum development and instructional planning which has led to a more vertically aligned curriculum from grade to grade, which will keep evolving as the teachers implement it. The Principal and the teaching staff attended subject area meetings throughout the school year. Lesson plans were developed collaboratively by grade level teams and submitted biweekly on eChalk for archiving and feedback. Supervisors reviewed lesson plans to ensure lesson tasks were aligned with objectives and the curriculum. The school's math program is well-developed and includes a strong emphasis on Algebra. The program has clear objectives and shows evidence of differentiation to meet the needs of the students at various levels.

The school emphasizes the use of technology for teaching and learning. Classrooms are equipped with Smartboards, interactive white boards, digital projectors (Elmo's), Nooks, iPads, instructional software, Smart Response Systems and Samsung tablets for 5-8th grade students where students access their online textbook, instructional programs and applications. The students in grades 6-8 are provided with tablets to take home and use for homework and studying purposes. Teachers design engaging and creative curriculum linked to learning standards. In addition, there is a computer lab for the K-4 students located in 243 Woodside Ave., and a MAC lab for the students in grades 5-8 located in 233 Woodside Avenue.

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 and NWEA (MAP) Testing.

In a partnership with Dream Alliance, a non-profit organization closely affiliated with Maria L. Varisco-Rogers Charter School, an Afterschool Enrichment Program was operated for grades K-8 which included ESL support for students in Grades K-2. The technology teacher was present daily to conduct needs based enrichment with the students in grades 3-8, as well as providing them with the opportunity to do research for homework/class assignments, and strengthen their basic computer skills (i.e., keyboarding). Students who were identified as being in need of additional support ("cusp students") were referred to Kumon Learning Center. Kumon staff came to our school two times per week to support our students in Reading and Math. During

MAJOR INITIATIVES: (CONTINUED)

EDUCATIONAL PROGRAM (CONTINUED)

tutoring time, students actively develop critical thinking skills while progressing independently through a carefully crafted Kumon curriculum. The Kumon Math and Reading programs allow students to learn new concepts on their own and progress one small step at a time through daily practice.

D. PROFESSIONAL DEVELOPMENT AND SUPPORT

The school provides a plethora of support to its faculty and staff. In 2015-2016, the Administration staff provided regular classroom observations (both formal and informal), as well as feedback. The professional development plan had an abundance of professional development offerings that took place throughout the school year. Also, the school held one half-school day session per month, which allowed for the teachers and support staff to attend 4 hours of onsite professional development monthly. In addition, consultants provided coaching and modeling of classroom lessons. Grade level teams met regularly with administrators to plan and address issues and students of concern.

The professional development provided to the teachers was intended to increase classroom rigor. In order to make improvements to the school's literacy program and math program, the school's literacy coach, literacy consultant and two math coaches provide the teachers with resources and professional development, which includes modeling lessons. The school hired a new Director of ESL, who provided on-going training, support, and modeling of Sheltered Instruction strategies. In order to provide more information to the staff regarding the ESL program, administration held meetings and professional development regarding the specifics of the ESL program such as but not limited to, the ESL teacher's role, testing, etc.

The school continued with its on-going staff development in the area of PARCC Assessment preparation for grades 3-8 in Math and ELA. The school contracted a consultant to conduct a data analysis which was then shared with the teachers, support staff, and appropriate members of administration. Data was also analyzed in-house and shared during PLC's for growth and development.

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 three members of the teaching staff to be test coordinators. In addition, the Network Specialist, Director of Curriculum and Assessment, Principal and Supervisor of Technical Education were assigned to assist during testing. 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), and they trained the staff to administer the test(s). The case manager was responsible for maintaining the IEP's of students with special needs and ensuring the special needs students were provided with the IEP recommended accommodations. In the 2015-2016 school year the students participated in the PARCC Assessment (grades 3-8),

MAJOR INITIATIVES: (CONTINUED)

ASSESSMENT AND STUDENT ACHIEVEMENT (CONTINUED)

STATE ASSESSMENTS (CONTINUED)

Terra Nova Fall & Spring Test (grades 1-2), Terra Nova Spring Test (Kindergarten) and NJASK Science (grades 4 and 8).

According to the 2015-2016 School Performance Report the Maria L. Varisco-Rogers Charter School scored a 72.5% for Schoolwide Performance in terms of the percent of students that “Met” or “Exceeded Expectations” in English Language Arts and a 52% in Mathematics.

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 three (3) licensed social workers and social work interns at the BSW and MSW level from collaborating schools of social work, including Ramapo University and Seton Hall 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.
- An Anti-bullying Specialist and Anti-bullying coordinator were sent to training, and properly reported/investigated all reported incidents of HIB.
- Social work interns also developed activities for Week of Respect, Red Ribbon Week, Violence and Vandalism Week, and Nutrition Week. Activities promoted the educational theme of each week and included workshops for the parents as well as students.

MAJOR INITIATIVES: (CONTINUED)

SOCIAL WORK (CONTINUED)

- High School Visits/Guidance – The social work department chooses representatives from local high schools to come and speak with future 8th grade students. The high schools are chosen based on where our past students have attended. The representatives come to our school and give information on how to apply, when their open houses are and how to get their application.

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.
-
- Parents were given the opportunity to have their child participate in the KUMON program after school for additional academic support (Grades K-8).
- Family Math Game Night was held for grades K-8
- Science Fair was held for grades 4-8.
- Parents were provided with a Harassment, Intimidation and Bullying workshop.
- Students participated in clean up events, such as Slam Dunk the Junk, to help clean up and beautify the neighborhood.
- 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.
- Three parents continued 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.

3. **ACCOUNTABILITY:** The following goals were established by the Executive Director / Lead Person:

- Expand facilities
 - The school will continue to seek facilities for future growth and expansion.
- Continue partnerships
 - The school continued to partner with local Universities such as Seton Hall and Ramapo to provide social work services to the students and their families through the use of student interns at the MSW and BSW levels.
 - The school partnered with Kumon learning center to provide afterschool academic support to students identified as “needing improvement” (“cusp” students). To insure full participation, Kumon teachers came to our school to work with our students. The partnership will continue with Kumon for the 2016-2017 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 use of PowerSchool for the use of entering and maintaining student data such as grades, attendance, enrollment, etc.
- Continue the use of e-chalk for the school website, e-mail system, class pages, lesson plan delivery, and general portal of communication among the school community.
- The school will continue to utilize the Charlotte Danielson Framework for Teaching Performance Evaluation System and iObservation for conducting performance observations.
- The school will use PowerSchool Special Education powered by TIENET for their special education management software.
- The school will provide more activities and opportunities for parental involvement by asking parents to volunteer, having classroom helpers, etc.
- The school will continue to work toward increasing student achievement in language arts and mathematics.

4. **GRANT(S) ACTIVITIES:**

The NCLB (No Child Left Behind) Grant was approved for School-wide funding. The Grant was utilized to implement 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.

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

GRANT(S) ACTIVITIES: (CONTINUED)

The Turrell Fund Grant provided funding to the school to purchase ESL ReadingSmart. ESL ReadingSmart is a web-based learning development designed to accelerate English language development (ELD) for English language learners for our students in grades 4-8. Program materials are written at a variety of English proficiency levels which helped our teachers with the challenge of teaching ELLs in multi-level classrooms.

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:

- Approved title changes for two staff members to include the following positions: Supervisor of Special Projects and Supervisor of Technical Education.
- Purchased thirteen 70 inch interactive boards plus wireless adapters for classrooms.
- Joined the MRESC-Co-op.
- Purchased eleven HD Vandal resistant IR dome cameras.
- Provided staff recognition bonuses to all faculty and staff members.
- Installed a new phone system that will enhance communication between school personnel.
- Attended annually required Board Training.
- Selected two teachers and two parents to perform in the role of the School Grievance Committee.
- Obtained monthly reports from the principal and other key administrators (i.e., Director of ESL, etc.) at each meeting.
- Completed evaluations of the board's performance and the performance of the Lead Person/Executive Director and School Business Administrator.
- Approved the revised policy and procedure manual prepared by NJSBA.
- Attended the annual NJCSA Conference.
- Purchased a new school vehicle.

Board Members: There are currently 13 members of the board, 11 of which are voting members and 2 of which are Ex-Officio members. The members include community representatives, parents, a student member, and professionals. (See Table for list of board members).

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.

In light of the past successful review the school is now preparing for the upcoming renewal in the Fall of 2017. During our last review, the school was found to be stable and in good standing, with no need to review our financial records. Organized documents were also complimented, making the review process simple for them, including the communication established prior to the visit.

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, 2016.

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 by state statute as detailed in "Notes to Financial Statements", Note 2. The school has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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 Accountants, was selected by the Board of Trustees. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the Single Audit Act Amendment of 1996, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors’ report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors’ reports, related specifically to the single audit, are included in the single audit section of this report.

12. ACKNOWLEDGEMENT: I would like to express our deepest gratitude to our Board of Trustees for the strong recommendations they made throughout the school year to better our school’s operations. The Board is pleased with the hard work and dedication of the CPA firm, Barre and Company, and their findings of “no recommendations” for this year’s annual audit.

Respectfully submitted,



Jose A. Segarra
School Business Administrator

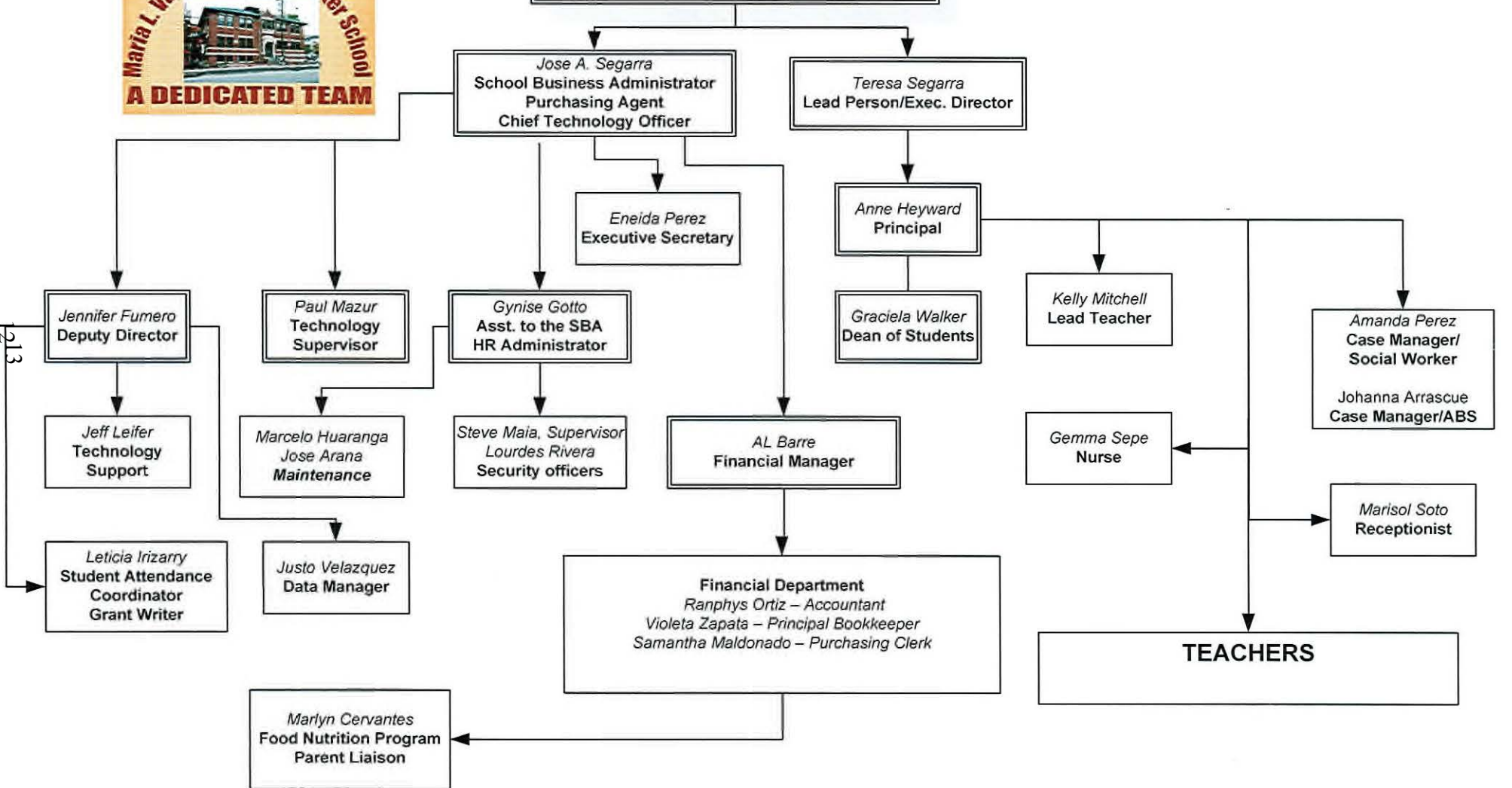
*Maria L. Varisco-Rogers
Charter School*



Board of Trustees
 Maritza Arauz, Chairperson
 Pastor Jorge Granados, Vice-Chairman
 Simon Bolivar-Cabrera, Secretary
 Jessica Ortiz (parent)- Treasurer
 Torrence E. Burrowes
 Rosa Farias
 Genoveva Isona
 Ana Jimenez-Quifones
 Carmen M. Baez
 Alex O. Rodriguez
 Maria Soto - Parent

Organizational Chart

Approved
March 2012



Revised

11/2012

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

**ROSTER OF OFFICIALS
JUNE 30, 2016**

<u>MEMBERS OF THE BOARD OF TRUSTEES</u>	<u>POSITION</u>
Carmen Baez	Chairperson
Virgilio Alomar	Secretary
Pastor Jorge Granados	Vice-Chairperson
Genoveva Isona	Board Member
Jose A Ocasio	Board Member
Carmen Vasquez	Board Member
Rosa Martinez	Board Member
Maria Camacho	Parent Member
Indira Ramsaran	Parent Member
Migdalia Concepcion	Parent Member
Jessica Ortiz	Parent Member/Treasurer
Teresa Segarra (non-voting)	Lead Person/Exec Director
Jose Segarra (non-voting)	SBA/Board Secretary

**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

Adams, Gutierrez & Lattiboudere, LLC
The Legal Center
1037 Raymond Boulevard
Suite 900
Newark, NJ 07102

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
County of Essex
Newark, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2016, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Maria L. Varisco-Rogers Charter School, in the County of Essex, State of New Jersey, as of June 30, 2016, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information starting on pages 20 and 74 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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 supplementary information such as the combining and individual fund financial statements and schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively; and the other information, such as the introductory and statistical sections 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 and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records use to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

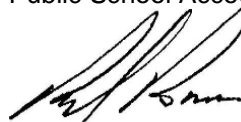
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards* and the *Division of Finance, Department of Education, State of New Jersey*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2016 on our consideration of the Maria L. Varisco-Rogers 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the *Division of Finance, Department of Education, State of New Jersey* in considering the Charter School's internal control over financial reporting and compliance.



BARRE & COMPANY
Certified Public Accountants
Public School Accountants



Richard M. Barre
Public School Accountant
PSA Number CS-01181

November 21, 2016

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, 2016
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, 2016. 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. Certain comparative information between the current year (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2016 are as follows:

- ❖ General revenues accounted for \$9,012,752 or 95% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$501,546 or 5% of total revenues of \$9,514,298.
- ❖ The Charter School had \$10,995,787 in expenses; only \$501,546 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$9,012,752 were not adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$8,615,858 in revenues and \$10,001,582 in expenditures. The General Fund's fund balance decreased \$1,385,724 over 2015. This decrease 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.

The *Statement of Net Position* 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 Position 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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED
(CONTINUED)**

Statement of Net Position and the Statement of Activities (Continued)

transactions and ask the question, "How did we do financially during 2016?" The *Statement of Net Position* 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 position and changes in that position. This change in net position 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 Position* 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 Position* and the *Statement of Activities*) and governmental funds is reconciled in the financial statements.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED
(CONTINUED)**

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 42 of this report.

The Charter School as a Whole

Recall that the *Statement of Net Position* provides the perspective of the Charter School as a whole. Net position 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 Position were -\$541,919 for 2016 and \$939,570 for 2015.

Governmental Activities

The Charter School's total revenues were \$9,129,702 for 2016 and \$8,999,250 for 2015, this includes \$821,923 for 2016 and \$658,901 for 2015 of state reimbursed TPAF social security and pension contributions.

The total cost of all program and services were \$10,633,713 for 2016 and \$9,602,430 for 2015. Instruction comprises 53% of Charter School expenses for 2016 and 51% for 2015.

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 \$21,372 for 2016 while expenses exceeded revenues by \$26,044 for 2015.
- ❖ Charges for services represent \$26,097 for 2016 and \$28,018 for 2015 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 snack program were \$341,030 for 2016 and \$354,684 for 2015.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED
(CONTINUED)**

Business-Type Activities (Continued)

AFTER CARE

- ❖ Revenues exceeded expenses by \$1,150 for 2016, and by \$33,682 for 2015.
- ❖ Charges for services represent \$17,469 for 2016 and \$54,286 for 2015. This represents amounts paid by parents and other patrons for before-school and after-school care for the children who attend MLVRCs.

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 instructional and/or non-instructional equipment purchased and is capitalized when such equipment is over 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 \$9,129,702 for 2016 and \$8,999,251 for 2015 and expenditures were \$10,515,426 for 2016 and \$9,301,335 for 2015. The net change in fund balance was most significant in the general fund, a decrease of \$1,385,723 in 2016 and a decrease of \$302,086 for 2015.

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, 2016, and the amount and percentage of increases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2015	Percent of Increase/ (Decrease)
Local Sources	\$ 1,053,312	11.54%	\$ (10,868)	-1.02%
State Sources	7,562,546	82.83%	143,980	1.94%
Federal Sources	513,844	5.63%	(2,661)	-0.52%
Total	\$ 9,129,702	100.00%	\$ 130,451	

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED
(CONTINUED)**

The Charter School's Funds

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2016, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2015</u>	<u>Percent of Increase/ (Decrease)</u>
Instruction	\$ 4,137,198	39.34%	\$ 446,875	12.11%
Administration	3,912,436	37.21%	412,159	11.78%
Support Services	2,153,627	20.48%	140,567	6.98%
Capital Outlay	312,165	2.97%	214,490	219.60%
Total	<u>\$ 10,515,426</u>	<u>100.00%</u>	<u>\$ 1,214,091</u>	

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 \$331,489 invested in building improvements and equipment at the end of the fiscal year 2016, and \$164,006 for 2015.

Current Issues

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED
(CONTINUED)**

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, 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 position 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 Position

June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,615,362	\$ 263,193	\$ 1,878,555
Interfund Receivables	44,137		44,137
Receivables	484,732	17,620	502,352
Capital Assets, Net	331,489	11,279	342,768
	<u>2,475,720</u>	<u>292,092</u>	<u>2,767,812</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions	1,463,177		1,463,177
	<u>1,463,177</u>		<u>1,463,177</u>
LIABILITIES:			
Interfund Payable	156	751	907
Payable to State Government	92,910		92,910
Accounts Payable	79,020	996	80,016
Noncurrent Liabilities:			
Pensions	4,526,719		4,526,719
	<u>4,698,805</u>	<u>1,747</u>	<u>4,700,552</u>
DEFERRED INFLOWS OF RESOURCES:			
Pensions	72,356		72,356
	<u>72,356</u>		<u>72,356</u>
NET POSITION (DEFICIT):			
Net Investment in Capital Assets	331,489		331,489
Unassigned	(1,163,753)	290,345	(873,408)
	<u>(832,264)</u>	<u>290,345</u>	<u>(541,919)</u>
Total Net Position (Deficit)	<u>\$ (832,264)</u>	<u>\$ 290,345</u>	<u>\$ (541,919)</u>

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, 2016

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction	4,137,198	\$ 1,445,990	\$ -	\$ 116,950	\$ -	\$ (5,466,238)	\$ -	\$ (5,466,238)
Administration	1,861,476	504,069				(2,365,545)		(2,365,545)
Support Services	2,153,627	386,671				(2,540,298)		(2,540,298)
Capital Outlay	70,806					(70,806)		(70,806)
Unallocated Depreciation	73,876					(73,876)		(73,876)
Total Governmental Activities	8,296,983	\$ 2,336,730	\$ -	\$ 116,950	\$ -	(10,516,763)	\$ -	(10,516,763)
BUSINESS-TYPE ACTIVITIES:								
Food Service and Before & After School Care	362,074		43,566	341,030			22,522	22,522
Total Business-Type Activities	362,074		43,566	341,030			22,522	22,522
Total Primary Government	\$ 8,659,057		\$ 43,566	\$ 457,980	\$ -	\$ (10,516,763)	\$ 22,522	\$ (10,494,241)
GENERAL REVENUES								
General Purposes						\$ 1,038,007	\$ -	\$ 1,038,007
Federal and State Aid Not Restricted						7,971,728		7,971,728
Miscellaneous Income						3,017		3,017
Total General Revenues						9,012,752		9,012,752
Change in Net Position						(1,504,011)	22,522	(1,481,489)
Net Position - Beginning of Year						671,747	267,823	939,570
Net Position - Ending						\$ (832,264)	\$ 290,345	\$ (541,919)

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

Balance Sheet

June 30, 2016

	General Fund	Special Revenue Fund	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents:	\$ 1,615,362	\$ -	\$ 1,615,362
Interfund Receivables	43,624	513	44,137
Receivables From Other Governments	435,423		435,423
Other Receivables	49,309		49,309
Total Assets	\$ 2,143,718	\$ 513	\$ 2,144,231
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Current Liabilities:			
Interfund Payables	\$ 156	\$ -	\$ 156
Payable to State Government	92,910		92,910
Accounts Payable and Accrued Expenses	78,507	513	79,020
Total Current Liabilities	171,573	513	172,086
Total Liabilities	171,573	513	172,086
Fund Balances:			
Unassigned:			
General Fund	1,972,145		1,972,145
Total Fund Balances	1,972,145	-	1,972,145
Total Liabilities and Fund Balances	\$ 2,143,718	\$ 513	

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

Capital position used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$592,137 and the accumulated depreciation is \$260,648.

331,489

Net pension liability of \$4,526,719 ,deferred inflows of resources of \$72,356 less deferred outflows of resources of \$1,463,177 related to pensions are not reported in the governmental funds

(3,135,898)

Net Position (Deficit) of Governmental Activities

\$ (832,264)

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

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 1,050,295	\$ -	\$ 1,050,295
Interest on Investments	1,017		1,017
Miscellaneous	2,000		2,000
Total Local Sources	1,053,312	-	1,053,312
State Sources	7,562,546		7,562,546
Federal Sources		513,844	513,844
Total Revenues	8,615,858	513,844	9,129,702
EXPENDITURES:			
Current:			
Instruction	3,739,757	397,441	4,137,198
Administration	3,912,436		3,912,436
Support Services	2,037,224	116,403	2,153,627
Capital Outlay	312,165		312,165
Total Expenditures	10,001,582	513,844	10,515,426
NET CHANGE IN FUND BALANCES	(1,385,724)	-	(1,385,724)
FUND BALANCES, JULY 1	3,357,869	-	3,357,869
FUND BALANCES, JUNE 30	\$ 1,972,145	\$ -	\$ 1,972,145

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, 2016

Total net change in fund balances - governmental funds (B-2) \$ (1,385,724)

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	\$	241,359	
Depreciation Expense		<u>(73,876)</u>	167,483

Repayment of mortgage principal is an expenditure in the government
 funds, but the repayment reduces long-term liabilities in the statement
 of net assets and is not reported in the statement of activities.

-

Pension costs associated with the PERS pension plan are reported in
 the governmental funds as expenditures in the year the school pension
 contribution is paid. However, on the statement of activities, the net
 difference between the current and prior year net pension liability is
 recognized

(285,770)

Change in net position (deficit) of governmental activities

\$ (1,504,011)

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 Position
June 30, 2016

	Food Service	After School Care	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 201,763	\$ 61,430	\$ 263,193
Receivables:			
Intergovernmental Accounts Receivable:			
Federal	16,394		16,394
State	216		216
Other Receivables		1,010	1,010
Total Current Assets	218,373	62,440	280,813
Noncurrent Assets:			
Machinery and Equipment	26,911		26,911
Less Accumulated Depreciation	(15,632)		(15,632)
Total Noncurrent Assets	11,279	-	11,279
Total Assets	\$ 229,652	\$ 62,440	\$ 292,092
LIABILITIES AND NET POSITION:			
Current Liabilities:			
Interfund Accounts Payable	\$ -	\$ 751	\$ 751
Accounts Payable	996		996
Total Liabilities	996	751	1,747
Net Position:			
Unassigned	228,656	61,689	290,345
Total Liabilities and Net Position	\$ 229,652	\$ 62,440	\$ 292,092

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 Position
 For the Fiscal Year Ended June 30, 2016

	Food Service	After School Care	Total
OPERATING REVENUES:			
Charges for Services:			
Daily Sales Non-reimbursable Program	\$ 26,097	\$ -	\$ 26,097
Program Fees		17,469	17,469
Total Operating Revenues	26,097	17,469	43,566
OPERATING EXPENSES:			
Salaries		15,885	15,885
Supplies and Materials	5,650		5,650
Cost of Sales	312,320		312,320
Depreciation Expense	4,719		4,719
Miscellaneous Expenses	23,066	434	23,500
Total Operating Expenses	345,755	16,319	362,074
OPERATING INCOME (LOSS)	(319,658)	1,150	(318,508)
NONOPERATING REVENUES:			
State Source:			
State School Lunch Program	4,309		4,309
Federal Source:			
National School Breakfast/Lunch/Snack Program	336,721		336,721
Total Nonoperating Revenues	341,030	-	341,030
CHANGE IN NET POSITION	21,372	1,150	22,522
TOTAL NET POSITION JULY 1	207,284	60,539	267,823
TOTAL NET POSITION JUNE 30	\$ 228,656	\$ 61,689	\$ 290,345

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, 2016

	Food Service	After School Care	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	30,235	\$ 17,468	\$ 47,703
Cash Payments to Suppliers and Employees	<u>(362,648)</u>	<u>(17,140)</u>	<u>(379,788)</u>
Net Cash Provided By (Used In) Operating Activities	<u>(332,413)</u>	<u>328</u>	<u>(332,085)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash Received From State And Federal Reimbursements	<u>341,030</u>		<u>341,030</u>
Net Cash Provided By Noncapital Financing Activities	<u>341,030</u>	-	<u>341,030</u>
Net Increase In Cash And Cash Equivalents	8,617	328	8,945
Cash And Cash Equivalents, Beginning Of Year	<u>193,146</u>	<u>61,102</u>	<u>254,248</u>
Cash And Cash Equivalents, End Of Year	<u>\$ 201,763</u>	<u>\$ 61,430</u>	<u>\$ 263,193</u>
Reconciliation of Operating Income (Loss) to Net Cash Provide By (Used In)			
Operating Activities:			
Operating Profit (Loss) Provided By (Used In) Operating Activities	(319,658)	\$ 1,150	\$ (318,508)
Depreciation	4,719		4,719
Change In Assets And Liabilities:			
Decrease In Receivables From Other Governments	4,138		4,138
(Decrease) In Interfund Payable		(822)	(822)
(Decrease) In Accounts Payable	<u>(27,302)</u>		<u>(27,302)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (332,413)</u>	<u>\$ 328</u>	<u>\$ (332,085)</u>

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 Position

June 30, 2016

	Unemployment Compensation Insurance	Agency Funds
	<u> </u>	<u> </u>
ASSETS:		
Cash and Cash Equivalents	\$ 4,122	\$ 354,886
Interfund Accounts Receivable		1,591
	<u> </u>	<u> </u>
Total Assets	<u>\$ 4,122</u>	<u>\$ 356,477</u>
LIABILITIES:		
Interfund Accounts Payable		\$ 44,821
Accounts Payable	\$ 3,066	
Summer Pay Payable		283,603
Payroll Deductions and Withholdings		11,987
Due to Student Groups		16,066
	<u> </u>	<u> </u>
Total Liabilities	<u>3,066</u>	<u>\$ 356,477</u>
NET POSITION:		
Reserved for Unemployment Claims	<u>\$ 1,056</u>	
Total Net Position	<u>\$ 1,056</u>	

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 Position
 For the Fiscal Year Ended June 30, 2016

	Unemployment Compensation Insurance
ADDITIONS:	
Contributions:	
Employee	\$ 9,470
Employer	10,152
Total Additions	19,622
DEDUCTIONS:	
Payment of Claims	30,644
Total Deductions	30,644
CHANGE IN NET POSITION	(11,022)
NET POSITION JULY 1	12,078
NET POSITION JUNE 30	\$ 1,056

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

NOTES TO THE FINANCIAL STATEMENTS

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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.

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 maintain 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.

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 position 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 position 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.

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

The statement of net position 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.

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

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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.

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 and After School Care) Fund: The enterprise fund accounts for all revenues and expenses pertaining to the Charter School's Food Service operations, and Before & After School Care services. 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.

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.

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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.

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.

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue 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).

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)	\$ 513,844
Adjustments:	
Less Encumbrances at June 30, 2016	-
Plus Encumbrances at June 30, 2015	-
Total Revenues and Expenditures (GAAP Basis)	<u>\$ 513,844</u>

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
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.

Net Position:

Net position represents the difference between assets and liabilities. Net investment in capital assets 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 position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Charter School or through external restrictions

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Net Position: (Continued)

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 position is 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

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.

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

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.

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.

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net pension of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

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".

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:

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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

Deposits (Continued)

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.

The Charter School had no investments as of June 30, 2016. Cash and cash equivalents of the Charter School consisted of the following:

	General Fund	Proprietary Fund	Fiduciary Funds	Total
Operating Account	\$ 1,615,362	\$ 263,193	\$ 359,009	\$ 2,237,564

The carrying amount of the Board's cash and cash equivalents at June 30, 2016 was \$2,237,564 and the bank balance was \$2,576,646. 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:

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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

Risk Category (Continued)

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:

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, 2016, 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, 2016, the Charter School had no funds on deposit with the New Jersey Cash Management Fund.

NOTE 3: RECEIVABLES

Receivables at June 30, 2016, 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:

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3: RECEIVABLES (CONTINUED)

	Governmental Fund Financial Statements	Governmental Wide Financial Statements
State Aid	\$ 435,423	\$ 435,639
Federal Aid	-	16,394
Other	49,309	50,319
Gross Receivables	484,732	502,352
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 484,732</u>	<u>\$ 502,352</u>

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, 2016:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 43,624	\$ 156
Special Revenue Fund	513	
Proprietary Funds		751
Fiduciary Funds	1,591	44,821
Total	<u>\$ 45,728</u>	<u>\$ 45,728</u>

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Machinery and Equipment	\$ 350,778	\$ 241,359	\$ -	\$ 592,137
Totals at Historical Cost	<u>350,778</u>	<u>241,359</u>	<u>-</u>	<u>592,137</u>
Less Accumulated Depreciation For:				
Machinery and Equipment	186,772	73,876	-	260,648
Total Accumulated Depreciation	<u>186,772</u>	<u>73,876</u>	<u>-</u>	<u>260,648</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	164,006	167,483	-	331,489
Government Activity Capital Assets, Net	<u>\$ 164,006</u>	<u>\$ 167,483</u>	<u>\$ -</u>	<u>\$ 331,489</u>
Business-Type Activities:				
<i>Capital Assets Being Depreciated:</i>				
Machinery and Equipment	\$ 26,911	\$ -	\$ -	\$ 26,911
Less Accumulated Depreciation	(10,913)	(4,719)	-	(15,632)
Enterprise Fund Capital Assets, Net	<u>\$ 15,998</u>	<u>\$ (4,719)</u>	<u>\$ -</u>	<u>\$ 11,279</u>

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 \$73,876 was charged to an unallocated function.

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 6: RENTAL LEASE

As of the end of the school year, June 30, 2016, the Charter School was under four separate lease obligations as noted below. Rent expense for this year amounted to \$695,730. Future minimum annual rental is as follows:

<u>Address</u>	<u>Term</u>	<u>2016-2017</u>
18 Heller Parkway Use - School	September 1, 2013 to August 31, 2018	\$ 235,815
233 Woodside Avenue Use - Offices/Classes	July 1, 2014 to June 30, 2017	33,128
243 Woodside Avenue Use - School	September 1, 2011 to August 31, 2016	336,798
381 Woodside Avenue Use - Administration	September 1, 2012 to August 31, 2016	89,989
Totals		\$ 695,730

NOTE 7: PENSION PLANS

Substantially all the Board's employees participate in one of the two contributory, defined benefit public employee systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees; Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7: PENSION PLANS (CONTINUED)

Benefits Provided (Continued)

Tier	Descriptions
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008, 2010 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and required contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$173,368 for fiscal year 2016.

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7: PENSION PLANS (CONTINUED)

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

At June 30, 2016, the Charter School reported a liability of \$ 4,526,719 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 which was rolled forward to June 30, 2016. The District's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the Charter School's proportion was 0.0201653585% , which was an increase of 0.00198964% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2014, the District recognized pension expense of \$149,838 . At June 30, 2014, the Charter School reported deferred outflows of resources and deferred related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 486,133	\$ -
Changes in Proportion	845,522	-
Net Difference Between Projected and Actual		
Investment Earnings on Pension Plan Investments	107,992	72,781
	\$ 1,439,647	\$ 72,781

Amounts reported as deferred outflows of resources and deferred inflows resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2015	\$ 94,911
2016	\$ 94,911
2017	\$ 94,911
2018	\$ 94,911
2019	151,161
Thereafter	61,920
	\$ 592,724

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7: PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuations as of July 1, 2013. This actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40% based on age
Thereafter	3.15-5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection ScaleAA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2014 are summarized in the following table:

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
Core Bonds	1.75%	1.64%
Intermediate-Term Bonds	10.00%	1.79%
Mortgage	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and June 30, 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments after that date in determining the total pension liability.

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7: PENSION PLANS (CONTINUED)

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

The following presents the Charter School's proportionate share of the collective net pension liability as of June 30, 2014 calculated using the discount rate as disclosed below, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2015		
	1%	Current	1%
	Decrease (3.90%)	Discount Rate (4.90%)	Increase (5.90%)
CS / District's proportionate share of the Net Pension Liability	\$ 5,626,158	\$ 4,526,719	\$ 3,604,957
	Fiscal Year Ended June 30, 2014		
	1%	Current	1%
	Decrease (4.39%)	Discount Rate (5.39%)	Increase (6.39%)
CS / District's proportionate share of the Net Pension Liability	\$ 4,749,716	\$ 3,775,507	\$ 2,957,419

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teacher's Pension Annuity Fund (TPAF)

Pension Description

The State of New Jersey, Teacher's Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7: PENSION PLANS (CONTINUED)

Benefit Provided

The vesting and benefit provision are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested of 2% of related interest earned on the contributions. In the case of death before retirement, member's beneficiaries are entitled to full interest credited to the member's accounts. The following represents the membership tiers for TPAF:

Tier	Descriptions
1	M Members who were enrolled prior to July 1, 2007
2	M Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	M Members who were eligible to enroll on or after November 2, 2008, 2010 and prior to May 22, 2010
4	M Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	M Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For Fiscal year 2014 and 2013, the State's pension contribution was less than the actuarially determined amount.

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7: PENSION PLANS (CONTINUED)

Special Funding Situation

The Employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the Charter School.

This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal years ended 2015, the State of New Jersey contributed \$ 248,745 to the TPAF for normal pension benefits on behalf of the Charter School, which is greater than the contractually required contribution of \$161,611.

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

As June 30, 2015, the State's proportionate share of the net pension liability associated with the Charter School was \$19,006,293. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014.

The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, Charter School's proportion was 0.0300712160% , which was an increase of 0.0082488% from its proportion measured as of June 30, 2013.

District's Proportionate Share of the Net Pension Liability	\$	-
State's Proportionate Share of the Net Pension Liability Associated with the District		19,006,293
Total	\$	19,006,293

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the Charter School in the amount of \$11,663,352 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2015 financial statements.

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7: PENSION PLANS (CONTINUED)

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 7,200,153,386	\$ -
Difference Between Expected and Actual Experience	321,224,871	19,039,817
Changes in Proportion and differences between employer contributions and proportionate share of contributions	117,933,318	117,933,318
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	535,359,188	535,359,188
	\$ 7,639,311,575	\$ 672,332,323

The \$7,639,311,575 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$672,332,323 reported as a deferred inflow of resources resulting from the difference between projected and actual.

Fiscal Year Ending June 30,	Total
2016	\$ 818,433,596
2017	818,433,596
2018	818,433,598
2019	1,253,742,742
2020	1,061,100,680
Thereafter	2,196,835,040
	\$ 6,966,979,252

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2013. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7: PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 200 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF' target asset allocation as of June 30, 2014 is summarized in the following table:

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
U.S. Equity Markets	27.25%	5.63%
Foreign Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds- Multi Strategy	4.00%	4.59%
Hedge Funds- Equity Hedge	4.00%	5.68%
Hedge Funds- Distressed	4.00%	4.30%

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7: PENSION PLANS (CONTINUED)

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.13% and 4.68% as of June 30, 2015 and June 30, 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Fiscal Year Ended June 30, 2015			
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
CS / District's proportionate share of the Net Pension Liability	\$ 22,721,785	\$ 19,112,623	\$ 16,014,309

Fiscal Year Ended June 30, 2014			
	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
CS / District's proportionate share of the Net Pension Liability	\$ 19,462,988	\$ 16,182,244	\$ 13,453,522

Pension Plan Fiduciary Net Position – TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7: PENSION PLANS (CONTINUED)

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

The contribution policy is set by the New Jersey Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by the State of New Jersey regulation. Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums.

For DCRP, the Charter School did not recognized any pension expense.

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, 2015 there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: POST-RETIREMENT BENEFITS (CONTINUED)

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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

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.

New Jersey Unemployment Compensation Insurance

The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursed Method". Under this plan, the charter school is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The charter school is billed quarterly for amounts due to the State. The 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:

<u>Fiscal Year</u>	<u>Charter School Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ 10,152	\$ 9,470	\$ 30,644	\$ 1,056
2014-2015	27,365	10,506	28,558	12,078

NOTE 10: FUND BALANCE APPROPRIATED

General Fund

The \$1,972,145 General Fund fund balance in the fund financial statements at June 30, 2016 is unreserved and undesignated.

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11: SUBSEQUENT EVENTS

The Maria L. Varisco-Rogers Charter School's management has informed us that there are no significant events that need to be disclosed after the balance sheet date through the date of the audit.

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, 2016

C-1
 Sheet 1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Levy Budget:					
"Local Levy" Local Share-Charter School Aid	\$ 1,001,031	\$ 49,264	\$ 1,050,295	\$ 1,050,295	\$ -
Total Local Levy Budget	1,001,031	49,264	1,050,295	1,050,295	-
Categorical Aid:					
Special Education	116,950		116,950	116,950	-
Security Aid	281,597	9,964	291,561	291,561	-
Equalization Aid	6,035,095	297,017	6,332,112	6,332,112	-
Non-Public Aid					
Total Categorical Aid	6,433,642	306,981	6,740,623	6,740,623	-
Revenues From Other Sources:					
Interest Income	1,017		1,017	1,017	-
Miscellaneous Revenue	2,000		2,000	2,000	-
On-Behalf TPAF Pension Contributions (Non-Budgeted)				544,932	544,932
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				276,991	276,991
Total Revenues From Other Sources	3,017	-	3,017	824,940	821,923
Total Revenues	7,437,690	356,245	7,793,935	8,615,858	821,923
EXPENDITURES:					
Instruction:					
Salaries of Teachers	2,034,130	26,580	2,060,710	1,783,580	277,130
Other Salaries for Instruction	1,752,344	(62,117)	1,690,227	1,454,564	235,663
Purchased Prof/Tech Services	120,000		120,000	86,348	33,652
Other Purchased Services	50,000	2,364	52,364	48,441	3,923
General Supplies	205,376	147,570	352,946	350,660	2,286
Textbooks	30,000	(20,000)	10,000		10,000
Miscellaneous	39,200	1,500	40,700	16,164	24,536
Total Instruction	4,231,050	95,897	4,326,947	3,739,757	587,190
Administration:					
Salaries - General Administration	650,755	42,011	692,766	692,766	-
Salaries of Secretarial/Clerical Assistants	677,725	(37,413)	640,312	637,129	3,183
Total Benefits Cost	1,942,603	624,779	2,567,382	1,560,879	1,006,503
Purchases Prof/Tech Services	15,750	7,617	23,367	23,367	-
Other Purchased Services	73,000	15,117	88,117	84,946	3,171
Communications/Telephone	55,000	(895)	54,105	42,088	12,017
Supplies and Materials	45,000	5,000	50,000	41,837	8,163
Miscellaneous Expenses	25,000		25,000	7,501	17,499
Total Administration	3,484,833	656,216	4,141,049	3,090,513	1,050,536

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, 2016

C-1
 Sheet 2

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from Prior Page)					
Support Services:					
Salaries	\$ 797,323	\$ 87,158	\$ 884,481	\$ 833,048	\$ 51,433
Rental of Land and Buildings	692,078	4	692,082	692,082	-
Other Purchased Services	288,100	30,613	318,713	318,713	-
Insurance for Property, Liability and Fidelity	45,000	2,634	47,634	47,634	-
Supplies and Materials	60,000	(5,061)	54,939	54,939	-
Energy Costs (Heat and Electricity)	74,244	39,858	114,102	90,808	23,294
Total Support Services	1,956,745	155,206	2,111,951	2,037,224	74,727
Capital Outlay:					
Instructional Equipment	30,000	204,433	234,433	234,433	-
Non-Instructional Equipment	15,000	62,738	77,738	77,732	6
Total Capital Outlay	45,000	267,171	312,171	312,165	6
On-Behalf TPAF Pension Contributions (Non-Budgeted)				544,932	(544,932)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				276,991	(276,991)
Total Expenditures	9,717,628	1,174,490	10,892,118	10,001,582	890,536
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,279,938)	(818,245)	(3,098,183)	(1,385,724)	1,712,459
FUND BALANCE, JULY 1	3,357,869	-	3,357,869	3,357,869	-
FUND BALANCE, JUNE 30	\$ 1,077,931	\$ (818,245)	\$ 259,686	\$ 1,972,145	\$ 1,712,459
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 1,077,931	\$ (818,245)	\$ 259,686	\$ 1,972,145	\$ 1,712,459
Budgeted Fund Balance	\$ 1,077,931	\$ (818,245)	\$ 259,686	\$ 1,972,145	\$ 1,712,459
Total	\$ 1,077,931	\$ (818,245)	\$ 259,686	\$ 1,972,145	\$ 1,712,459

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, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Federal	\$ 536,152	\$ -	\$ 536,152	\$ 513,844	\$ (22,308)
Total Revenues	<u>536,152</u>	<u>-</u>	<u>536,152</u>	<u>513,844</u>	<u>(22,308)</u>
EXPENDITURES:					
Instruction:					
Salaries	306,284	(1,526)	304,758	304,758	-
Purchased Prof/Tech Services	82,609		82,609	61,003	21,606
General Supplies	25,789	6,593	32,382	31,680	702
Total Instruction	<u>414,682</u>	<u>5,067</u>	<u>419,749</u>	<u>397,441</u>	<u>22,308</u>
Support Services:					
Personal Services - Employee Benefits	79,634	(396)	79,238	79,238	-
Purchased Technical Services	36,165		36,165	36,165	-
Other Objects	5,000	(4,000)	1,000	1,000	-
Total Support Services	<u>120,799</u>	<u>(4,396)</u>	<u>116,403</u>	<u>116,403</u>	<u>-</u>
Total Expenditures	<u>535,481</u>	<u>671</u>	<u>536,152</u>	<u>513,844</u>	<u>22,308</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 671</u>	<u>\$ (671)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 For The Fiscal Year Ended June 30, 2016

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] 8,615,859	[C-2] \$ 513,844
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] \$ <u>8,615,859</u>	[B-2] \$ <u>513,844</u>
Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 10,001,582	[C-2] \$ 513,844
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] \$ <u>10,001,582</u>	[B-2] \$ <u>513,844</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

***SCHEDULE L - SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
PENSIONS (GASB 68)***

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,	
	2014	2015
Charter School's proportion of the net pension liability	0.00198964%	#####
Charter School's proportionate share of the net pension liability	\$ 2,705,757	\$ 4,526,719
Charter School's covered employees payroll	\$ 1,244,397	\$ 1,549,524
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	217%	292%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF THE CHARTER SCHOOL CONTRIBUTIONS
 PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST TWO FISCAL YEARS
 UNAUDITED**

	Fiscal Year Ending June 30,	
	2014	2015
Contractually required contribution	\$ 149,838	\$ 173,368
Contributions in relation to the contractually required contribution	<u>(149,838)</u>	<u>(173,368)</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	\$ 1,549,524	\$ 1,308,708
Contributions as a percentage of covered employee payroll	9.67%	13.25%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

**MARIA L. VARISCO-ROGERS CHARTER SCHOOL
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHER'S PENSION AND ANNUITY FUND
 LAST TWO FISCAL YEARS
 UNAUDITED**

	Fiscal Year Ending June 30,	
	2014	2015
State's proportion of the net pension liability attributable of the Charter School	0.0300712160%	0.00000000%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 8,368,494	\$ -
CS / District's covered employees payroll	\$ 3,168,937	\$ 3,138,261
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	264.08%	0.00%
Plan fiduciary net position as a p ercentage of the total pension liability	33.76%	33.64%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR FISCAL YEAR ENDED JUNE 30, 2015

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015 in accordance with Paragraph 44 of GASB Statement No. 67.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHER'S PENSION AND ANNUITY FUND
FOR FISCAL YEAR ENDED JUNE 30, 2015

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

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

E-1
Sheet 1

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	NCLB Title I	NCLB Title III	I.D.E.A. Part B	NCLB Title II Part A	Grand Total
REVENUE SOURCES:					
Federal	\$ 385,761	\$ 15,921	\$ 106,497	\$ 5,665	\$ 513,844
Total Revenues	385,761	15,921	106,497	5,665	513,844
EXPENDITURES:					
Instruction:					
Salaries	226,325		78,433		304,758
Purchased Prof/Tech Services	53,938				53,938
General Supplies	19,153	15,921	3,671		38,745
Other Objects					-
Total Instruction	299,416	15,921	82,104	-	397,441
Support Services:					
Personal Services - Employee Benefits	58,845		20,393		79,238
Purchased Prof/Tech Services	26,500		4,000	5,665	36,165
Supplies and Materials					-
Other Objects	1,000				1,000
Total Support Services	86,345	-	24,393	5,665	116,403
Total Expenditures	385,761	15,921	106,497	5,665	513,844
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

**SECTION G – PROPRIETARY FUNDS
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 Position
June 30, 2016

	Trust	Agency			Total
	Unemployment Compensation Insurance	Payroll Agency	Net Payroll	Student Activities	Agency Funds
ASSETS:					
Cash and Cash Equivalents	\$ 4,122	\$ 55,532	\$ 283,444	\$ 15,910	\$ 354,886
Interfund Accounts Receivable			1,435	156	1,591
Total Assets	<u>4,122</u>	<u>55,532</u>	<u>284,879</u>	<u>16,066</u>	<u>356,477</u>
LIABILITIES:					
Interfund Accounts Payable			1,276		44,821
Accounts Payable	3,066				
Summer Pay Payable			283,603		283,603
Payroll Deductions and Withholdings		11,987			11,987
Due to Student Groups				16,066	16,066
Total Liabilities	<u>3,066</u>	<u>55,532</u>	<u>284,879</u>	<u>16,066</u>	<u>356,477</u>
NET POSITION:					
Reserved for Unemployment Claims	<u>1,056</u>				
Total Net Position	<u>\$ 1,056</u>				

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 Trust Fund
 For the Fiscal Year Ended June 30, 2016

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Employee	\$ 9,470
Employer	<u>10,152</u>
Total Additions	<u>19,622</u>
DEDUCTIONS:	
Payment of Claims	<u>30,644</u>
Total Deductions	<u>30,644</u>
CHANGE IN NET POSITION	(11,022)
NET POSITION, JULY 1	<u>12,078</u>
NET POSITION, JUNE 30	<u><u>\$ 1,056</u></u>

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
 Fiduciary Funds
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

	<u>Balance July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2016</u>
Student Activities	<u>\$ 7,277</u>	<u>\$ 43,352</u>	<u>\$ 34,719</u>	<u>\$ 15,910</u>
Total	<u><u>\$ 7,277</u></u>	<u><u>\$ 43,352</u></u>	<u><u>\$ 34,719</u></u>	<u><u>\$ 15,910</u></u>

MARIA L. VARISCO-ROGERS CHARTER SCHOOL

Fiduciary Funds

Payroll Agency Fund

Schedule of Receipts and Disbursements

For the Fiscal Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
ASSETS:				
Cash and Cash Equivalents	\$ 95,622	\$ 3,004,675	\$ 3,044,765	\$ 55,532
Total Assets	<u>\$ 95,622</u>	<u>\$ 3,004,675</u>	<u>\$ 3,044,765</u>	<u>\$ 55,532</u>
LIABILITIES:				
Interfund Accounts Payable	\$ 44,297		\$ 752	\$ 43,545
Payroll Deductions and Withholdings	51,325	\$ 3,004,675	3,044,013	11,987
Total Liabilities	<u>\$ 95,622</u>	<u>\$ 3,004,675</u>	<u>\$ 3,044,765</u>	<u>\$ 55,532</u>

**STATISTICAL SECTION
(UNAUDITED)**

Maria L. Varisco-Rogers Charter School has been in operation for 16 years. GASB requires that ten years of statistical data be presented. State law usually grants charters for less than ten years; however, statistical data for only 7 years is available and has been presented. 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 Position by Component
 Last Seven Fiscal Years
(accrual basis of accounting)
 Unaudited

	Fiscal Year Ending June 30,						
	2016	2015	2014	2013	2012	2011	2010
Governmental Activities							
Net Investment in capital assets	\$ 331,489	\$ 164,006	\$ 170,892	\$ 150,394	\$ 46,349	\$ 26,846	\$ -
Unassigned	(1,163,753)	507,741	3,659,953	3,370,865	3,746,416	3,081,382	1,807,747
Total Governmental Activities Net Assets/Position	<u>\$ (832,264)</u>	<u>\$ 671,747</u>	<u>\$ 3,830,845</u>	<u>\$ 3,521,259</u>	<u>\$ 3,792,765</u>	<u>\$ 3,108,228</u>	<u>\$ 1,807,747</u>
Business-Type Activities							
Net Investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	290,345	267,823	260,185	220,540	148,825	65,554	14,307
Total Business-Type Activities Net Assets/Position	<u>\$ 290,345</u>	<u>\$ 267,823</u>	<u>\$ 260,185</u>	<u>\$ 220,540</u>	<u>\$ 148,825</u>	<u>\$ 65,554</u>	<u>\$ 14,307</u>
Charter School-wide							
Net Investment in capital assets	\$ 331,489	\$ 164,006	\$ 170,892	\$ 150,394	\$ 46,349	\$ 26,846	\$ -
Unassigned	(873,408)	775,564	3,920,138	3,591,405	3,895,241	3,146,936	1,822,054
Total Charter School-wide Net Position	<u>\$ (541,919)</u>	<u>\$ 939,570</u>	<u>\$ 4,091,030</u>	<u>\$ 3,741,799</u>	<u>\$ 3,941,590</u>	<u>\$ 3,173,782</u>	<u>\$ 1,822,054</u>

Source: Comprehensive Annual Financial Report

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

Fiscal Year Ending June 30,

	2016	2015	2014	2013	2012	2011	2010
Expenses							
Governmental Activities:							
Instruction	\$ 5,583,188	\$ 4,912,501	\$ 4,507,212	\$ 4,485,792	\$ 3,484,798	\$ 2,701,849	\$ 1,818,727
Administration	2,365,545	1,936,850	2,005,572	1,786,143	1,333,796	1,003,907	1,117,488
Support Services	2,540,298	2,354,309	2,115,331	1,965,864	1,600,824	921,819	667,124
Capital Outlay	70,806	50,052	9,378	16,199	187,017	98,814	135,761
Unallocated Depreciation	73,876	54,509	43,361	21,813	8,957	4,116	707
Total Governmental Activities Expenses	10,633,713	9,308,221	8,680,854	8,275,811	6,615,392	4,730,505	3,739,807
Business-Type Activities:							
Food Service	322,689	382,788	338,623	231,816	249,287	192,489	187,550
Before & After School Care	39,385	46,562	57,739	93,618	28,236	-	-
Total Business-Type Activities Expenses	362,074	429,350	396,362	325,434	277,523	192,489	187,550
Total Charter School Expenses	\$ 10,995,787	\$ 9,737,571	\$ 9,077,216	\$ 8,601,245	\$ 6,892,915	\$ 4,922,994	\$ 3,927,357
Program Revenues							
Governmental Activities:							
Operating Grants and Contributions	\$ 116,950	\$ 103,987	100,042	93,219	65,989	(16,515)	-
Total Governmental Activities Expenses	116,950	103,987	100,042	93,219	65,989	(16,515)	-
Business-Type Activities:							
Charges for Services	43,566	96,050	81,863	89,546	29,003	44,877	15,962
Operating Grants and Contributions	341,030	354,684	342,699	287,925	269,067	198,859	185,895
Transfers-In	-	54,286	68,032	56,587	62,723	-	-
Total Business-Type Activities Expenses	384,596	505,020	492,594	434,058	360,793	243,736	201,857
Total Charter School Program Revenues	\$ 501,546	\$ 609,007	\$ 592,636	\$ 527,277	\$ 426,782	\$ 227,221	\$ 201,857
Net (Expense)/Revenue							
Governmental Activities	\$ (10,516,763)	\$ (9,204,234)	\$ (8,580,812)	\$ (8,182,592)	\$ (6,549,403)	\$ (4,747,020)	\$ (3,739,807)
Business-Type Activities	22,522	75,670	96,232	108,624	83,270	51,247	14,307
Total Charter School-wide Net Expense	\$ (10,494,241)	\$ (9,128,564)	\$ (8,484,580)	\$ (8,073,968)	\$ (6,466,133)	\$ (4,695,773)	\$ (3,725,500)
General Revenues and Other Changes in Net Position							
Governmental Activities:							
General Purposes	\$ 1,038,007	\$ 1,039,083	\$ 1,050,419	\$ 919,732	\$ 784,871	\$ 637,349	\$ -
Federal and State Aid Not Restricted	7,971,728	7,831,084	7,836,347	6,969,011	6,402,127	5,367,483	4,229,563
Miscellaneous Income	3,017	25,097	3,631	22,343	46,940	43,486	571,927
Total Governmental Activities	9,012,752	8,895,264	8,890,397	7,911,086	7,237,039	6,048,318	4,798,389
Business-Type Activities:							
Miscellaneous Income	-	-	-	25,814	-	-	-
Total Business-Type Activities	-	-	-	25,814	-	-	-
Total Charter School-wide	\$ 9,012,752	\$ 8,895,264	\$ 8,890,397	\$ 7,936,900	\$ 7,237,039	\$ 6,048,318	\$ 4,798,389
Change in Net Position (Deficit)							
Governmental Activities	\$ (1,504,011)	\$ (308,970)	\$ 309,585	\$ (271,506)	\$ 680,487	\$ 1,301,298	\$ 1,058,582
Business-Type Activities	22,522	75,670	96,232	134,438	83,270	51,247	14,307
Total Charter School	\$ (1,481,489)	\$ (233,300)	\$ 405,817	\$ (137,068)	\$ 763,757	\$ 1,352,545	\$ 1,072,889

Source: Comprehensive Annual Financial Report

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

	Fiscal Year Ending June 30,						
	2016	2015	2014	2013	2012	2011	2010
General Fund Unassigned	\$ 1,972,145	\$ 3,357,869	\$ 3,659,953	3,370,865	3,746,416	3,081,382	1,807,747
Total General Fund	<u>\$ 1,972,145</u>	<u>\$ 3,357,869</u>	<u>\$ 3,659,953</u>	<u>\$ 3,370,865</u>	<u>\$ 3,746,416</u>	<u>\$ 3,081,382</u>	<u>\$ 1,807,747</u>

Source: Comprehensive Annual Financial Report

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

Fiscal Year Ending June 30,	2016	2015	2014	2013	2012	2011	2010
Revenues:							
Local Sources:							
Local Tax Levy	\$ 1,050,295	\$ 1,039,083	\$ 1,050,419	\$ 919,732	\$ 784,871	\$ 637,349	\$ 494,911
Interest In Investments	1,017	2,581	2,966	3,671	7,673	7,192	4,047
Miscellaneous	2,000	22,516	665	18,672	39,269	149,431	183,005
State Sources	7,562,546	7,418,566	7,415,728	6,629,563	5,990,613	4,796,093	3,734,652
Federal Sources	513,844	516,505	520,662	432,668	477,503	444,839	384,875
Total Revenues	9,129,702	8,999,251	8,990,440	8,004,306	7,299,929	6,034,904	4,801,490
Expenditures:							
Instruction	4,137,198	3,690,323	3,446,360	3,441,398	2,761,742	2,075,641	1,818,727
Administration	3,912,436	3,500,277	3,296,717	2,973,342	2,160,475	1,692,051	1,117,488
Support Services	2,153,627	2,013,060	1,885,038	1,823,059	1,497,201	859,883	667,124
Capital Outlay	312,165	97,675	73,238	142,058	215,477	126,545	136,468
Total Expenditures	10,515,426	9,301,335	8,701,353	8,379,857	6,634,895	4,754,120	3,739,807
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,385,724)	(302,084)	289,087	(375,551)	665,034	1,280,784	1,061,683
Other Financing Sources (Uses):							
Transfers Out	-	-	-	-	-	(7,149)	-
Total Other Financing Sources (Uses)	-	-	-	-	-	(7,149)	-
Net Change in Fund Balance	\$ (1,385,724)	\$ (302,084)	\$ 289,087	\$ (375,551)	\$ 665,034	\$ 1,273,635	\$ 1,061,683

Source: Comprehensive Annual Financial Report

MARIA L. VARISCO-ROGERS CHARTER SCHOOL

General Fund - Other Local Revenue by Source

Last Seven Fiscal Years

(modified accrual basis of accounting)

Unaudited

Fiscal Year Ending June 30,	Donations	Interest Income	Miscellaneous Revenue	Annual Total
2016	\$ -	\$ 1,017	\$ 2,000	\$ 3,017
2015	800	2,581	21,716	25,097
2014	557	2,966	141	3,664
2013	9,544	3,671	9,128	22,343
2012	28,345	7,673	3,732	39,750
2011	(155,456)	7,192	300,840	152,576
2010	183,005	4,047	(7,148)	179,904

Source: Charter School records

OPERATING INFORMATION

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

Function	2016	2015	2014	2013	2012	2011	2010
Instruction	67	68	66	65	60	41	34
Administrative	14	15	17	15	14	9	9
Support Services	11	13	8	9	10	6	5
Food Service	-	-	-	-	-	-	-
Total	<u>92</u>	<u>96</u>	<u>91</u>	<u>89</u>	<u>84</u>	<u>56</u>	<u>48</u>

Source: Charter School Personnel Records

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
 Operating Statistics
 Last Six 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				
2016	486.0	\$ 10,203,261	\$ 20,994	10.86%	N/A	N/A	486.0	465.6	-0.99%	95.80%	
2015	486.0	9,203,660	18,938	1.84%	N/A	N/A	490.8	470.2	5.64%	95.80%	
2014	464.0	8,628,115	18,595	-0.45%	N/A	N/A	463.1	435.5	4.77%	94.04%	
2013	441.0	8,237,799	18,680	6.50%	N/A	N/A	441.0	414.5	17.01%	93.99%	
2012	366.0	6,419,418	17,539	9.90%	N/A	N/A	366.0	347.3	21.28%	94.89%	
2011	290.0	4,628,282	15,960	0.00%	N/A	N/A	288.1	279.0	100.00%	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 Six Fiscal Years

	2016	2015	2014	2013	2012	2011	2010
<u>Charter School Buildings</u>							
<u>18 Heller Parkway - (Grades 5 thru 8)</u>							
Square Feet	11,200	11,200	11,200	11,200	11,200	11,200	11,200
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	216	216	216	194	366	290	N/A
<u>243 Woodside Avenue</u>							
Elementary & Kindergarten							
Square Feet	18,711	18,711	18,711	18,711	N/A	N/A	N/A
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	270	270	270	270	N/A	N/A	N/A
<u>381 Woodside Avenue</u>							
Administrative Offices							
Square Feet	5,000	5,000	5,000	N/A	N/A	N/A	N/A
<u>233 Woodside Avenue</u>							
Administration & Computer Labs							
Square Feet	3,400	3,400	3,400	3,400	3,400	3,400	3,400

Number of Students at June 30, 2016
Elementary = 270
Middle School = 216

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, 2016

COMMERCIAL PACKAGE	<u>Coverage</u>	<u>Deductible</u>
Commercial General Liability - NJ School Boards Assoc. Insurance Group (NJSBAIG)		
Personal and advertising injury		
Aggregate limit	\$6,000,000	
Per occurrence	6,000,000	
Employee benefits liability - per occurrence/annual aggregate	6,000,000	\$ 1,000
Child molestation/sexual abuse - per occurrence/annual aggregate	6,000,000	
Premises medical payments		
Per person	5,000	
Per accident	5,000	
Commercial Property - NJSBA Insurance Group		
Blanket real and personal property	\$400,000,000	1,000
Blanket extra expense - per occurrence	50,000,000	1,000
Blanket valuable papers and records	10,000,000	1,000
Boiler and Machinery - NJSBA Insurance Group		
Property Damage	\$100,000,000	1,000
Extra Expense	10,000,000	1,000
EDP Coverage - NJSBA Insurance Group		
Blanket hardware - scheduled limit	500,000	1,000
Business Automobile Coverage - NJSBA Insurance Group		
Combined single limit for bodily injury and property damage		
Per accident/annual aggregate	6,000,000	1,000,000
Crime Coverage - NJSBA Insurance Group		
Faithful performance limit	100,000	1,000
Business Administrator Bond	220,000	1,000
Treasurer Bond	220,000	1,000
Workman's Compensation - NJSBA Insurance Group		
Statutory Benefits	Included	
Employers Liability (each disease/accident per employee and policy limit)	2,000,000	
Supplemental Coverage (Optional)	Included	
School Board Legal Liability - NJSBAIG		
Coverage A	\$6,000,000	5,000
Coverage B	\$100,000/\$300,000	5,000

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
 Charter School Performance Framework Financial Indicators
 Fiscal Ratios
 Last Three Fiscal Years

	2014	2015	2016	Source
	Audit	Audit	Audit	
Cash	\$ 3,970,881	\$ 3,700,431	\$ 1,878,555	Audit: Exhibit A-1
Current Assets (includes CASH)	4,160,551	3,819,440	2,425,044	Audit: Exhibit A-1
Total Assets	4,346,564	4,755,183	4,230,989	Audit: Exhibit A-1
Current Liabilities	255,534	209,746	173,833	Audit: Exhibit A-1
Total Liabilities	255,534	412,621	4,700,552	Audit: Exhibit A-1
Net Assets	4,091,030	939,570	(541,919)	Audit: Exhibit A-1
Total Revenue	9,426,447	9,436,238	9,514,299	Audit: Exhibit A-2
Total Expenses	9,077,217	10,031,780	10,995,787	Audit: Exhibit A-2
Change in Net Assets	349,230	(595,542)	(1,481,488)	Audit: Exhibit A-2
Depreciation Expense	43,361	54,509	73,876	Financial Statements/Audit Workpapers
Interest Expense	-	-	-	Financial Statements/Audit Workpapers
Principal Payments	-	-	-	Financial Statements/Audit Workpapers
Interest Payments	-	-	-	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	463.1	490.8	486.0	DOE Enrollment Reports
March 30th Budgeted Enrollment	442	464	500	Charter School Budget

RATIOS ANALYSIS...					Changes
Near Term Indicators	2014	2015	2016	3 YR CUM	Target
1a. Current Ratio	16.28	18.21	13.95	Current Assets/Current Liabilities	> 1.1
1b. Unrestricted Days Cash	159.67	134.64	62.36	Cash/(Total Expenses/365)	30-60
1c. Enrollment Variance	105%	106%	97%	Average Daily Enrollment/Budgeted Enrollment	>95%
1d.* Default	N/A	N/A	N/A	Audit	not in default
Sustainability Indicators					
2a. Total Margin	4%	-6%	-16%	Change in Net Assets/Total Revenue	positive
2b. Debt to Asset	0.06	0.09	1.11	Total Liabilities/Total Assets	<.9
2c.** Cash Flow	3,970,881	(270,450)	(1,821,876)	Net change in cash flow from prior years	3 yr cum positive
2d. Debt Service Coverage Ratio	N/A	N/A	N/A	(Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)	>1.10

* Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No

** 2016 = 2016 Cash - 2015 Cash; 2015 = 2015 Cash - 2014 Cash; 2014 = 2014 Cash - 2013 Cash

Refer questions to charterfinance@doe.state.nj.us

SINGLE AUDIT SECTION

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206
Union, New Jersey 07083
(908) 686-3484
FAX – (908) 686-6055

K-1
Page 1

**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”**

INDEPENDENT AUDITOR’S REPORT

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

We have audited, in accordance with the 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 in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of 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, 2016, and the related notes to the financial statements, which collectively comprise the Charter School’s basic financial statements, as listed in the table of contents, and have issued our report thereon November 21, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

We also noted other matters that we reported to the Board of Trustees of the Maria L. Varisco-Rogers Charter School in a separate report entitled, Auditor's Management Report on Administrative Findings dated November 21, 2016.

Purpose of This Report

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



BARRE & COMPANY
Certified Public Accountants
Public School Accountants



Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
November 21, 2016

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206
Union, New Jersey 07083
(908) 686-3484
FAX – (908) 686-6055

K-2
Page 1

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM
GUIDANCE AND NEW JERSEY CIRCULAR 15-08-OMB**

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

Report on Compliance for Each Major Federal and State Program

We have audited the Maria L. Varisco-Rogers Charter School's compliance with the types of compliance requirements described in the New Jersey Compliance Manual "State Grant Compliance Supplement" that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016. The Maria L. Varisco-Rogers Charter School's major federal and state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

The Charter School's management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter School's major federal and state programs based on our audit of the types of compliance requirements referred to above. 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 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey's Circular 15-08-OMB 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Charter School's compliance.

Opinion on Each Major Federal and State Program

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 types of 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, 2016.

Report on Internal Control over Compliance

Management of Maria L. Varisco-Rogers Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey Circular 15-08-OMB, 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 the Charter School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than

a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

**REPORT ON SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
REQUIRED BY NEW JERSEY CIRCULAR 15-08-OMB**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Maria L. Varisco-Rogers Charter School, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements. We issued our report thereon dated November 21, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by the Uniform Guidance and New Jersey Circular 15-08-OMB are presented for purposed of additional analysis and are not a required part of the basic financial statements. Such information is the responsibilities of management and was derived from and related directly to the underlying accounting and other records used to prepare basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of NJ Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.



BARRE & COMPANY
Certified Public Accountants
Public School Accountants



Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
November 21, 2016

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Federal EIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2015	Complies/ (Waiver) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment Of Prior Years' Balances	Accounts Receivable	Balance at June 30, 2016	Due to Grantor
U.S. Department of Education														
Passed-through State Department of Education														
Special Revenue Fund:														
No Child Left Behind Cluster:														
Title I Part A	84.010A	S010A150030	NCLB - 7735 - 16	\$ 385,761	7/1/15	\$ -	\$ -	\$ 385,761	\$ (385,761)		\$ -	\$ -	\$ -	
Title II	84.365A	S365A150030	NCLB - 7735 - 16	15,921	7/1/15	6,300/16	-	15,921	(15,921)		-	-	-	
Title II Part A	84.367A	S367A150030	NCLB - 7735 - 16	5,665	7/1/15	6,300/16	-	5,665	(5,665)		-	-	-	
Total No Child Left Behind Cluster								407,347	(407,347)					
Individuals with Disabilities Cluster:														
IDEA Part B Basic	84.027	H027A150100	IDEA - 7735 - 16	106,497	7/1/15			106,497	(106,497)					
IDEA Part B Basic Cluster	84.027	H027A150100	IDEA - 7735 - 16	-	7/1/14			106,497	(106,497)					
Total Individuals with Disabilities Cluster								106,497	(106,497)					
Total Special Revenue Fund								513,844	(513,844)					
U.S. Department of Agriculture														
Passed-through State Department of Agriculture														
Enterprise Fund:														
School Breakfast Program	10.553	1616NJ304N1099	N/A	94,311	7/1/15	6,300/16		89,847	(94,311)			(4,464)		
National School Lunch Program	10.555	1616NJ304N1099	N/A	87,483	7/1/14	6,300/15	(5,452)	5,452						
National School Lunch Program	10.555	1616NJ304N1099	N/A	235,028	7/1/15	6,300/16		223,279	(235,028)			(11,749)		
National School Lunch Program	10.555	1616NJ304N1099	N/A	225,220	7/1/14	6,300/15	(12,443)	12,443						
National Snack Program	10.558	1616NJ304N1099	N/A	7,261	7/1/15	6,300/16		7,200	(7,381)			(181)		
National Snack Program	10.558	1616NJ304N1099	N/A	6,870	7/1/14	6,300/15	(394)	394						
Total Enterprise Fund								338,615	(336,720)			(16,394)		
Sub-Total Federal Financial Awards								852,459	(850,564)			(16,394)		

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

MARIA L. VARISSO-ROEERS CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015			Balance at June 30, 2016			MEMO		
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Reversals of Prior Years Balance		Deferred Revenue/ Refund Payable	Due to Grantor
State Department of Education													
General Fund:													
State Aid Public Cluster													
Equalization Aid	16-495-034-5120-078	6,344,400	7/1/15	6/30/16									
Special Education Categorical Aid	16-495-034-5120-089	116,950	7/1/15	6/30/16	(239)								
Special Education Categorical Aid	16-495-034-5120-084	291,561	7/1/15	6/30/16				5,896,689	(6,332,112)	(435,423)			6,344,400
Total State Aid Public Cluster							6,302,200	116,950	(116,950)				116,950
Other State Aid	16-495-034-5120-078	2,000	7/1/15	6/30/16				2,000	(2,000)	(435,423)			6,782,311
On-Behalf TPAF Pension Contributions	16-495-034-5095-006	544,932	7/1/15	6/30/16				544,932	(544,932)				544,932
Reimbursed TPAF - Social Security	16-495-034-5095-002	276,991	7/1/15	6/30/16				276,991	(276,991)				276,991
Total General Fund							7,120,123	(7,564,546)	(435,423)				7,576,934
State Department of Agriculture													
Enterprise Fund:													
National School Lunch Program (State Share)	16-100-010-3350-023	4,308	7/1/15	6/30/16	(239)			4,092	(4,308)	(216)			4,308
National School Lunch Program (State Share)	15-100-010-3350-023	4,304	7/1/14	6/30/15				239					
Total Enterprise Fund					(239)			4,330	(4,308)	(216)			4,308
Total All Funds					(239)			7,133,453	(7,568,854)	(435,639)			7,581,142
State Financial Assistance Not Subject to Major Program Determination													
On-Behalf TPAF Pension Contributions	16-495-034-5095-006	544,932	7/1/15	6/30/16				544,932	(544,932)				544,932
Total State Financial Assistance Subject to Single Audit					(239)			6,588,521	(7,023,922)	(435,639)			7,096,210

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Notes to the Schedules of Expenditures of Awards and Financial Assistance
June 30, 2016

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award 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 on 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 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation 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 when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Notes to the Schedules of Expenditures of Awards and Financial Assistance
June 30, 2016

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is none for the general fund and none for the special revenue fund. See Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	7,562,546	\$ 7,562,546
Special Revenue Fund	513,844	-	513,844
Proprietary Fund	336,721	4,309	341,030
Total Awards & Financial Assistance	<u>\$ 850,565</u>	<u>\$ 7,566,855</u>	<u>\$ 8,417,420</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Maria L. Varisco-Rogers Charter School has no loan balances outstanding at June 30, 2016.

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, 2016. 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, 2016.

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2016

NOTE 7. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the Charter School's basic financial statements and the amount subject to State single audit and major program determination.

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the charter school.

Program	Total
Title I, Part A: <i>Grants to Local Education Agencies</i>	\$ 385,761
Title II, Part A: <i>Teacher and Principal Training and Recruiting</i>	5,665
Title III: <i>English Language Acquisition</i>	<u>15,921</u>
Total	<u>\$ 407,347</u>

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued on financial statements Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? Yes No

2) Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to basic financial statements noted? Yes No

Federal Awards

Internal control over major programs:

1) Material weakness(es) identified? Yes No

2) Significant deficiencies identified that are not considered to be material weaknesses? Yes No

Type of auditors’ report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in Accordance with Section .510(a) of Circular A-133? Yes No

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Charter
84.010A	Title I Part A-No Child Left Behind Cluster
84.367A	Title II Part A-No Child Left Behind Cluster
84.365A	Title III-No Child Left Behind Cluster
84.027	I.D.E.A. Part B Basic Cluster
10.555	National School Lunch Program

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

Auditee qualified as low-risk auditee? Yes No

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section I – Summary of Auditor’s Results (cont’d)

State Awards

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

Auditee qualified as low-risk auditee? Yes No

Internal control over major programs:

1) Material weakness(es) identified? Yes No

2) Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Type of auditors’ report issued on compliance for major programs Unmodified

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

Identification of major state programs:

GMIS Number(s)	Name of State Program or Cluster
_____	_____ STATE AID-PUBLIC CLUSTER _____
<u>16-495-034-5120-078</u>	<u>EQUALIZATION AID</u>
<u>16-495-034-5120-084</u>	<u>SECURITY AID</u>
<u>16-495-034-5120-089</u>	<u>SPECIAL EDUCATION CATEGORICAL AID</u>

MARIA L. VARISCO-ROGERS CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

No Current Year Findings

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and NJ Circular 15-08-OMB, as applicable.

No Current Year Findings

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, 2016

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 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. (511 (a)(b)) and NJ Circular 04-04-OMB and/or 15-08-OMB, as applicable.

No Prior Year Findings