

M.E.T.S. Charter School

**Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2012**

**M.E.T.S. CHARTER SCHOOL
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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 Year Ended June 30, 2012**

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M.E.T.S. Charter School

Comprehensive Annual Financial Report

Introductory Section

M.E.T.S. CHARTER SCHOOL
180 9th STREET
JERSEY CITY, NJ 07302

December 5, 2012

Honorable President and Members of the Board of Trustees
M.E.T.S. Charter School, County of Hudson, New Jersey

Dear Board Members:

The comprehensive annual financial report of the M.E.T.S. Charter School (the "Charter School") for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (the "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 financial position and results of operations of the various funds and account groups 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: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Charter School's organizational chart and a list of principal officials as well as its consultants and advisors. The financial section includes the Independent Auditors' Report, general purpose financial statements and schedules, management's discussion and analysis, as well as the notes to the financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. 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 the U.S. Office of Management and Budget Circular A-133 "*Audits of States, Local Governments and Non-Profit Organizations*", and the state Treasury Circular Letter 04-04 OMB, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*". Information related to this single audit, including the auditor's report on the internal control structure 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: The Charter School is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds and account groups of the Charter School are included in this report. The M.E.T.S. Charter School solely constitutes the Charter School's reporting entity.

Mathematics, Engineering, Technology & Science (M.E.T.S.) Charter School opened its doors to 320 students in the fall of 2011. Founded by five dedicated educators and published education authors, M.E.T.S. is a new public charter school that provides a free alternative to the traditional school model. M.E.T.S. currently serves grades 6-9 with a school day starting at 8:00 am ending at 3:22 pm.

M.E.T.S. continues to strive to offer imaginative approaches in its core subjects for students, such as those seeking engineering careers, via partnering with Liberty Science Center and NASA. It also cites as a major objective providing an "Individual Student Plan" for each child, which seeks to meet the state's Core Curriculum Content Standards (NJCCCS).

2. ECONOMIC CONDITION AND OUTLOOK: M.E.T.S. plans to increase by a grade level yearly, pending DOE approval, reaching 12th grade by 2014-15, growing to 560 students. If these plans are successful, it would be the first Jersey City charter school to offer a high school.

3. INTERNAL ACCOUNTING CONTROLS: Management of the Charter School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the Charter School also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the Charter School's management.

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

4. BUDGETARY CONTROLS: In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund and the special revenue fund.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and/or assignments of fund balance at June 30, 2012.

M.E.T.S. CHARTER SCHOOL

180 9th STREET

JERSEY CITY, NJ 07302

5. ACCOUNTING SYSTEM AND REPORTS: The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the Charter School is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

6. CASH MANAGEMENT: The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The School has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from 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.

7. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found on Exhibit J-20.

8. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Di Maria & Di Maria LLP, 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 Amendments of 1996 and the related Federal OMB Circular A-133 and New Jersey OMB's Circular Letter 04-04. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

9. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Board of Trustees of the M.E.T.S. Charter School for their concern in providing fiscal accountability to the citizens and participating districts of the Charter School and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully submitted,

Walter Goodwin, Ed.D.
Principal

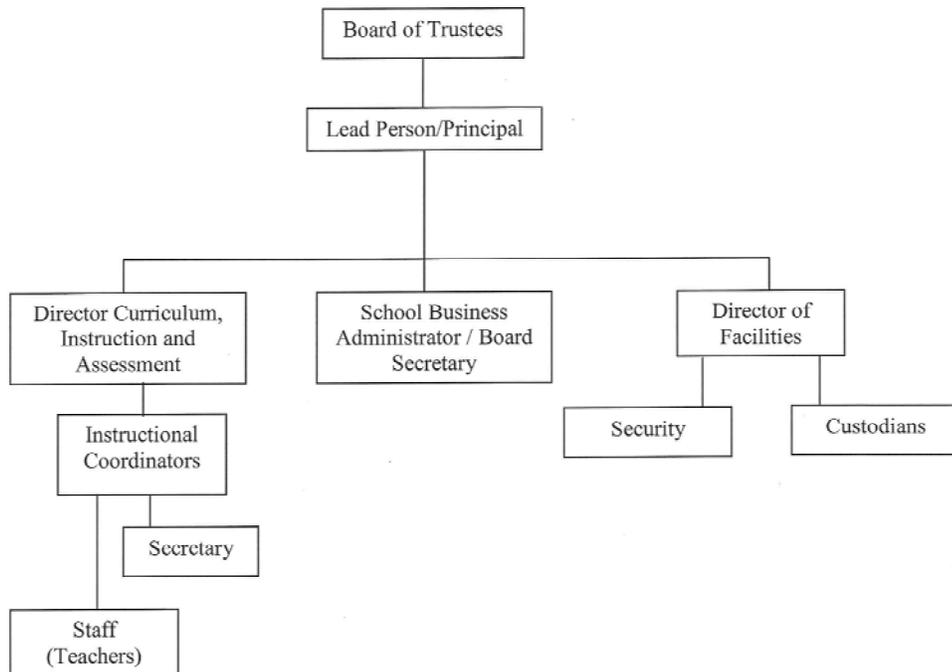
Michael Sico
School Business Administrator
Board Secretary

POLICY

M.E.T.S. CHARTER SCHOOL BOARD OF TRUSTEES

ADMINISTRATION
1110/page 1 of 1
Organizational Chart

1110 ORGANIZATIONAL CHART



Adopted: 24 February 2012



M.E.T.S. CHARTER SCHOOL
Roster of Officials
Fiscal Year Ended June 30, 2012

Members of the Board of Trustees

Erwin Belmonte - President

Marc Lescarret - Treasurer

Simon Stephen

Joanna Marin

Elanor Cruz

Other Officials

Walter Goodwin, Ed.D., Principal

Michael Sico, Board of Secretary/School Business Administrator

**M.E.T.S. CHARTER SCHOOL
Consultants and Advisors
Fiscal Year Ended June 30, 2012**

Independent Audit Firm

Di Maria & Di Maria LLP
245 Union Street
Lodi, New Jersey 07644

General Counsel

Steven J. Sico
235 Main Street
Woodbridge, New Jersey 07095

Official Depositories

RSI Bank
Hudson City Savings Bank

M.E.T.S. Charter School
Comprehensive Annual Financial Report
Financial Section

245 Union Street
Lodi, New Jersey 07644
Voice 973.779.6890
Facsimile 973.779.6891

Independent Auditors' Report

The Honorable President and Members of the Board of Trustees
M.E.T.S. Charter School, County of Hudson, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the M.E.T.S. Charter School (the "Charter School"), in the County of Hudson, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the Charter School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter School's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Board of Trustees of the M.E.T.S. Charter School, in the County of Hudson, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Independent Auditors' Report (Continued)

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2012 on our consideration of the M.E.T.S. Charter School Board of Trustees' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Trustees of the M.E.T.S. Charter School basic financial statements. The accompanying introductory section, and other supplementary information, such as, the combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Independent Auditors' Report (Continued)

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations"; and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid" respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

DI MARIA & DI MARIA LLP
Accountants and Consultants

Frank Di Maria
Licensed Public School Accountant
PSA No. CS 01168

December 5, 2012

REQUIRED SUPPLEMENTAL INFORMATION - PART I

**M.E.T.S. CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

This section of the M.E.T.S. Charter School's annual financial report presents its discussion and analysis of the Charter School's financial performance during the fiscal year that ended on June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the Charter School's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 - Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued in June 1999. Certain comparative information between the current year (2011-2012) and the prior year (2010-2011) is required to be presented in the MD&A. Note that the M.E.T.S. Charter School opened in July 2011. As such there will be no comparative information presented in this first year MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2011-2012 fiscal year include the following:

The assets of the Charter School exceeded its liabilities at the close of the fiscal year by \$714,407 (net assets).

The District's total net assets increased \$739,424.

Overall Charter School revenues were \$3,813,487. General revenues accounted for \$3,571,314 or 92% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$242,173 or 8% of total revenues.

Overall Charter School expenses were \$3,099,080. Governmental activities accounted for \$3,099,080 or 100% of all expenses. Business-type activities accounted for \$0 or 0% of all expenses.

The Charter School had \$3,099,080 in expenses for governmental activities; only \$242,173 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes and unrestricted State aid) of \$3,571,314 were adequate to provide for these programs.

As of the close of the current fiscal year, the Charter School's governmental funds reported a combined ending fund balance of \$714,407 an increase of \$714,407 when compared to the previous year ending fund balance at June 30, 2011 of \$0 as the Charter School began operations in July 2011.

The General Fund unreserved, undesignated fund balance at June 30, 2012 was \$714,407 an increase of \$714,407 when compared with the ending unreserved, undesignated fund balance at June 30, 2011 of \$0 as the Charter School began operations in July 2011.

The General Fund unreserved, undesignated budgetary fund balance at June 30, 2012 was \$714,407 which represents an increase of \$0 when compared to the ending fund balance at June 30, 2011 of \$0 as the Charter School began operations in July 2011.

M.E.T.S. CHARTER SCHOOL
JERSEY CITY, NEW JERSEY

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The first two statements are *Charter School-wide financial statements* that provide both short-term and long-term information about the Charter School's overall financial status.

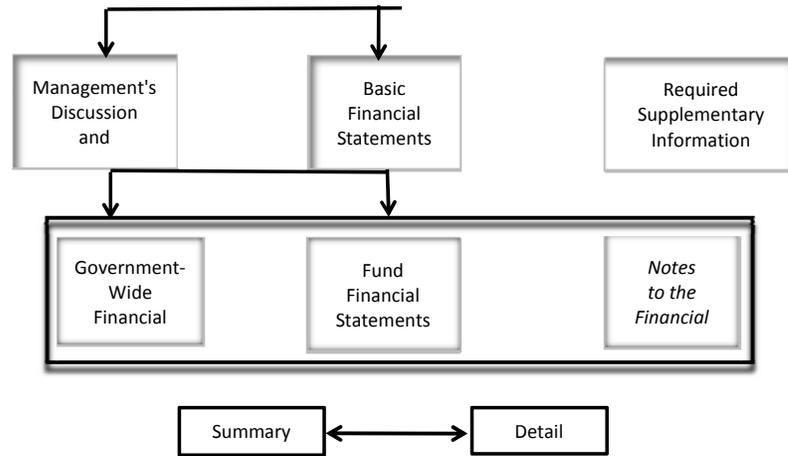
The remaining statements are *fund financial statements* that focus on individual parts of the Charter School, reporting the Charter School's operations in more detail than the Charter School-wide statements.

The *governmental funds statements* tell how basic services were financed in the short term as well as what remains for future spending.

Proprietary funds statements offer short-term and long-term financial information about the activities the Charter School operated like businesses. The M.E.T.S. Charter School currently does not maintain a proprietary fund.

Fiduciary funds statements provide information about the financial relationships in which the Charter School acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain the information in the statements and provide more detailed data. The following illustration shows how the various parts of this annual report are arranged and related to one another.



**M.E.T.S. CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

The following table summarizes the major features of the Charter School's financial statements, including the portion of the Charter School's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the Charter School-Wide and Fund Financial Statements

	Charter School-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Charter School (except fiduciary funds)	The activities of the Charter School that are not proprietary or fiduciary, such as Regular and Special Education Instruction and Building maintenance	Activities the district operates similar to private businesses: Enterprise Fund	Instances in which the Charter School administers resources held in trust, such as Unemployment, Payroll Agency and Student Activities
Required financial statements	Statements of net assets Statement of activities	Balance Sheet Statement of Revenues, Expenditures and changes in fund balances	Statement of Net Assets Statement of revenue, expenses, and changes in fund net assets Statement of cash flows	Statements of Fiduciary assets and liabilities
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term funds do not currently contain capital assets
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and dedications during the year, regardless of when cash is received or paid

**M.E.T.S. CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

Charter School-Wide Financial Statements

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

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

Over time, increases or decreases in the Charter School's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the overall health of the Charter School you need to consider additional non-financial factors such as changes in the Charter School's property tax base and the condition of school buildings and other facilities.

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

Governmental activities - Most of the Charter School's basic services are included here, such as regular and special education, transportation, administration and plant operations and maintenance. Property taxes and state aids finance most of these activities.

Business type activities - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The Charter School's Food Service Fund would be included under this category however it does not have one at this time.

**M.E.T.S. CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

Fund Financial Statements

The fund financial statements provide more detailed information about the Charter School's funds - focusing on its most significant or "major" funds - not the Charter School as a whole. Funds are accounting devices the Charter School uses to keep track of specific sources of funding and spending on particular programs:

Some funds are required by State law and bond covenants.

The Charter School establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The Charter School can have four kinds of funds:

1. *Governmental funds* - Most of the Charter School's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Charter School's programs. Because this information does not encompass the additional long-term focus of the Charter School-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or difference) between them.

2. *Proprietary funds* - Services for which the Charter School charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. Currently, the M.E.T.S. Charter School does not maintain any proprietary funds.

3. *Enterprise Funds* - This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The M.E.T.S. Charter School currently does not maintain any enterprise funds.

4. *Fiduciary funds* - The Charter School is the trustee, or *fiduciary*, for assets that belong to others. The Charter School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the Charter School's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. We exclude these activities from the Charter School-wide financial statements because the Charter School cannot use these assets to finance its operations.

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Charter School's budget process. The Charter School adopts an annual expenditure budget for the general, special revenue and debt service funds if applicable. A budgetary comparison statement has been provided for the general and special revenue funds as required supplementary information. The required supplementary information can be found following the notes to the basic financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons.

**M.E.T.S. CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

CHARTER SCHOOL-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. In the case of the Charter School, assets exceeded liabilities by \$714,407 as of June 30, 2012 and \$0 as of June 30, 2011 as the Charter School began operations in July 2011.

By far the largest portion of a Charter School's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The Charter School uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the Charter School's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The M.E.T.S. Charter School has no capital assets as it leases the building it operates in.

**Net Assets
As of June 30, 2012 and 2011**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current Assets	\$ 714,407	\$ -	\$ -	\$ -	\$ 714,407	\$ -
Capital Assets	-	-	-	-	-	-
Total Assets	714,407	-	-	-	714,407	-
Long-Term Liabilities	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-
Net Assets						
Invested in capital assets, net of related debt	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Unrestricted (Deficit)	714,407	-	-	-	714,407	-
Total Net Assets	\$ 714,407	\$ -	\$ -	\$ -	\$ 714,407	\$ -

None of the Charter School's Net Assets represent resources that are subject to external restrictions on how they maybe used.

**M.E.T.S. CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Change in Net Assets
For The Years Ended June 30, 2012 and 2011**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues						
Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Grants and Contribution	242,173	-	-	-	242,173	-
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues						
Property Taxes (Sending Dist	729,992	-	-	-	729,992	-
State and Federal Aid	2,841,081	-	-	-	2,841,081	-
Other	241	-	-	-	241	-
Total Revenues	3,813,487	0	0	0	3,813,487	0
Expenses						
Instruction						
Regular	953,821	-	-	-	953,821	-
Special Education	56,164	-	-	-	56,164	-
General Supplies	6,057	-	-	-	6,057	-
Undistributed Expenditures:						
Instruction	442,353	-	-	-	442,353	-
General Administration	375,495	-	-	-	375,495	-
School Administration	251,437	-	-	-	251,437	-
Central Services	1,896	-	-	-	1,896	-
Operation and Maintenance of Plant Services	762,902	-	-	-	762,902	-
Student Transportation	1,428	-	-	-	1,428	-
Allocated and Unallocated Employee Benefits	156,567	-	-	-	156,567	-
TPAF Pension	-	-	-	-	-	-
TPAF Social Security	90,960	-	-	-	90,960	-
Capital Outlay:						
Equipment	-	-	-	-	-	-
Facilities Acquisition and Construction Services	-	-	-	-	-	-
Debt Service:						
Interest on Bonds	-	-	-	-	-	-
Principal on Bonds	-	-	-	-	-	-
Transfers & Adjustments	-	-	-	-	-	-
Food Services	-	-	-	-	-	-
Total Expenses	3,099,080	-	-	-	3,099,080	-
Change in Net Assets	714,407	-	-	-	714,407	-
Net Assets, Beginning	-	-	-	-	-	-
Net Assets, Ending	\$ 714,407	\$ -	\$ -	\$ -	\$ 714,407	\$ -

**M.E.T.S. CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

Governmental Activities - The Charter School's total governmental activities' revenues, which includes State and Federal grants, were \$ 3,813,487 and \$ 0 for the years ended June 30, 2012 and June 30, 2011, respectively. Property taxes of \$ 729,992 and \$ 0 represented 100% and 0% of the revenues for the fiscal years ended June 30, 2012 and 2011, respectively. Another significant portion of revenues came from state aid; total state, federal and local aid and grants was \$ 3,083,254 and \$ 0 which represented 81% and 0% of the revenues for the fiscal years ended June 30, 2012 and 2011, respectively. State, federal and local aid and grants are reported as operating and capital grants and contributions if specific to a program or as general revenues if not specific to a program. In addition, other miscellaneous income is earned which includes items such as interest, prior year refunds and other miscellaneous items. Note that comparison year amounts are \$0 as the Charter School began operations in July 2011.

The total cost of all governmental activities programs and services were \$ 3,099,080 and \$ 0 for the years ended June 30, 2012 and 2011. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$ 1,009,985 and \$ 0 (33% and 0%) of total expenditures for the fiscal years ended June 30, 2012 and 2011, respectively. Support services, totaled \$ 2,089,095 and \$ 0 (67% and 0%) of total expenditures. Note that comparison year amounts are \$0 as the Charter School began operations in July 2011.

Total governmental activities revenues for the year ended June 30, 2012 exceeded expenses, increasing net assets by \$ 714,407 over the previous year from \$ 0 at June 30, 2011 to \$ 714,407 at June 30, 2012. Note that comparison year amounts are \$0 as the Charter School began operations in July 2011.

The cost of all *governmental activities* this year was \$ 3,099,080 an increase of \$ 3,099,080 (100%) over the previous year. Note that the Charter School began operations in July 2011.

Federal and state governments subsidized certain programs with operating and capital grants and contributions of \$ 3,083,254 an increase of \$3,083,254. The District also realized increases in Federal and State aid for operating grants and contributions of \$3,083,254 (100%). Note that the Charter School began operations in July 2011.

Charter School's costs in the amount of \$ 729,992, were provided from property taxes (sending districts), an increase of \$729,992 (100%). This increase was a result of the Charter School beginning operations in July 2011.

Other general revenues totaling \$241 were provided from miscellaneous local sources, an increase of \$ 241. Note that the Charter School began operations in July 2011.

**M.E.T.S. CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

Net Cost of Governmental Activities - The Charter School's total cost of services were \$ 3,099,080 and \$0 for the fiscal years ended June 30, 2012 and 2011, respectively. After applying program revenues, derived from charges for services and operating grants and contributions of \$ 242,173 and \$ 0 and capital grants and contribution of \$ 0 and \$0 for the years ended June 30, 2012 and 2011, respectively; the net cost of services of the District were \$ 2,856,907 and \$ 0 for the fiscal years ended June 30, 2012 and 2011, respectively. Note that comparison year amounts are \$0 as the Charter School began operations in July 2011.

	Total and Net Cost of Governmental Activities			
	Program Revenues		Net (Expense) Revenue of Services	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Instruction				
Regular	\$ 63,593	\$ -	\$ (890,228)	\$ -
Special Education	56,164	-	-	-
General Supplies	6,057	-	-	-
Undistributed Expenditures				
Instruction	1,447	-	(440,906)	-
General Administration	-	-	(375,495)	-
School Administration	-	-	(251,437)	-
Central Services	-	-	(1,896)	-
Operation and Maintenance of Plant Services	-	-	(762,902)	-
Student Transportation	-	-	(1,428)	-
Allocated and Unallocated Employee Benefits	23,952	-	(132,615)	-
TPAF Pension	-	-	-	-
TPAF Social Security	90,960	-	-	-
Capital Outlay				
Equipment	-	-	-	-
Facilities Acquisition and Construction Services	-	-	-	-
Debt Service				
Interest on Bonds	-	-	-	-
Interest - Comm. LPA	-	-	-	-
Total	\$ 242,173	\$ -	\$ (2,856,907)	\$ -

**M.E.T.S. CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

Business-Type-Activities - The M.E.T.S. Charter School currently does not conduct any business-type activities.

FINANCIAL ANALYSIS OF THE CHARTER SCHOOL'S FUNDS

As noted earlier, the Charter School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Charter School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Charter School's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Charter School's net resources available for spending at the end of the fiscal year.

The financial performance of the Charter School as a whole is reflected in its governmental funds as well. As the Charter School completed the year, its governmental funds reported a *combined* fund balance of \$ 714,407 for the year ended June 30, 2012 compared to a fund balance of \$ 0 for the year ended June 30, 2011, an increase in the balance of \$ 714,407 for the year. Note that comparison year amounts are \$0 as the Charter School began operations in July 2011.

Revenues for the District's governmental funds were \$ 3,813,487 and \$ 0, while total expenses were \$ 3,099,080 and \$ 0 for the fiscal years ended June 30, 2012 and 2011, respectively. Note that comparison year amounts are \$0 as the Charter School began operations in July 2011.

**M.E.T.S. CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

General Fund - The General Fund is the chief operating fund of the Charter School and includes the primary operations in the providing educational services to students from pre-kindergarten through grade 12 including pupil transportation activities and capital outlay projects.

The following schedule presents a comparison of General Fund Revenues for the fiscal years ended June 30, 2012 and 2011:

	June 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	<u>2012</u>	<u>2011</u>		
Local Sources				
Property Tax Levy	\$ 729,992	\$ -	\$ 729,992	100%
Miscellaneous	241	-	241	100%
State Sources	2,932,041	-	2,932,041	100%
Federal Sources	-	-	-	0%
Total General Fund Revenues	<u>\$ 3,662,274</u>	<u>\$ -</u>	<u>\$ 3,662,274</u>	100%

Local property taxes (sending districts) increased by \$ 729,992 or 100% over the previous year. State aid revenues increased \$ 2,932,041, or 100%. Both items are a result of the Charter School beginning operations in July 2011. The charter School did not receive any Federal Aid during the fiscal year.

The following schedule presents a comparison of General Fund expenditures for the fiscal years ended June 30, 2012 and 2011:

	June 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	<u>2012</u>	<u>2011</u>		
Instruction	\$ 890,228	\$ -	\$ 890,228	100%
Support Services	2,057,639	-	2,057,639	100%
Debt Services	-	-	-	0%
Capital Outlay	-	-	-	0%
Total Expenditures	<u>\$ 2,947,867</u>	<u>\$ -</u>	<u>\$ 2,947,867</u>	100%

Total General Fund expenditures increased \$ 2,947,867 or 100% from the previous year. The increase is a result of the Charter School beginning operations in July 2011.

**M.E.T.S. CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

Special Revenue Fund - The Special Revenue Fund includes all restricted Federal, State and Local sources utilized in the operations of the Charter School in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$ 151,213 and \$ 0 for the years ended June 30, 2012 and 2011. Federal sources accounted for all of the Special Revenue Fund's revenue which represented 5% and 0% of the total revenues for the years ended June 30, 2012 and 2011. Note that comparison year amounts are \$0 as the Charter School began operations in July 2011.

Total Special Revenue Fund revenues increased \$ 151,213 or 100% from the previous year. There were no State sources received and Federal sources increased by \$ 151,213 or 100%. The increase is a result of the Charter School beginning operations in July 2011.

Expenditures of the Special Revenue Fund were \$ 151,213 and \$ 0 for the fiscal years ended June 30, 2012 and 2011. Instructional expenditures were \$ 121,204 and \$ 0 or 80% and 0% and expenditures for the support services were \$ 30,009 and \$ 0 or 20% and 0% of the total amounts expended for the years ended June 30, 2012 and 2011, respectively. Note that comparison year amounts are \$0 as the Charter School began operations in July 2011.

Proprietary Funds

The Charter School does not maintain an Enterprise Fund as it has no Food Service or Before or After Care programs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Charter School's budget is prepared according to New Jersey Department of Education guidelines, and is based on accounting for certain transactions on the budgetary basis and encumbrance accounting. The most significant mandated revenue recognition of certain deferred state aid payments for budgetary purposes only. The most significant budgetary fund is the General Fund.

Over the course of the year, the Charter School revised the annual operating budget several times through appropriation transfers between budget line items.

**M.E.T.S. CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

GENERAL FUND BUDGETARY HIGHLIGHTS (Continued)

General Fund budgetary revenues exceeded General Fund budgetary and other financing uses increasing budgetary fund balance \$714,407 from the previous year. After deducting statutory reserves and designations, the unreserved/undesignated budgetary fund balance increased \$ 714,407 from \$ 0 at June 30, 2011 to \$ 714,407 balance at June 30, 2012. Note that comparison year amounts are \$0 as the Charter School began operations in July 2011.

CAPITAL ASSETS

At June 30, 2012, the Charter School did not have any investments in Capital Assets.

Capital Assets at June 30, 2012 and 2011
(Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land and Land Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Building and Building Improvements	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-
Total Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Additional information on the District's capital assets would be presented in Note 3 of this report.

LONG TERM LIABILITIES

At June 30, 2012 the Charter School had no long-term liabilities.

Additional information on the District's long term liabilities would be presented in Note 5 of this report.

**M.E.T.S. CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

While many factors influence the Charter School's future, the availability of State funding, special education needs, capital improvements and the economy will have the most impact on educational and fiscal decisions in the future.

Many factors were considered by the Charter School's administration during the process of developing the fiscal year 2012 - 2013 budget. The primary factors were the District's projected student population, additional grades to be offered, anticipated state and federal aid as well as increasing salary and related benefit costs, as well as, increased special education tuition costs.

CONTACTING THE CHARTER SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Charter School's finances and to demonstrate the Charter School's accountability for the money it receives. If you have questions about this report or need additional information contact the School Business Administrator, M.E.T.S. Charter School.

SECTION "A" - CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

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

**M.E.T.S. CHARTER SCHOOL
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012**

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash	\$ 603,225	\$ -	\$ 603,225
Receivables, (Net)	111,182	-	111,182
Restricted Assets:			
Emergency Reserve Account	-	-	-
Capital Reserve Account	-	-	-
Capital Assets, (Net)	-	-	-
Total Assets	\$ 714,407	\$ -	\$ 714,407
<u>LIABILITIES</u>			
Accounts Payable	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-
Non-Current Liabilities:			
Due Within One Year	-	-	-
Due Beyond One Year	-	-	-
Total liabilities	\$ -	\$ -	\$ -
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ -	\$ -	\$ -
Restricted for:			
Debt Service	-	-	-
Capital Projects	-	-	-
Emergency	-	-	-
Other Purposes	-	-	-
Unrestricted	714,407	-	714,407
Total Net Assets	\$ 714,407	\$ -	\$ 714,407

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

M.E.T.S. CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

A-2

Functions/Programs	Program Expenses				Program Revenues				Net (Expense) Revenue & Changes in Net Assets			
	Budgetary Basis	Adjustments	Depreciation	Total	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-type Activities	Total	
<i>Governmental Activities:</i>												
<i>Current Expense:</i>												
<i>Instruction:</i>												
Regular Programs - Instruction	953,821	\$ -	\$ -	\$ 953,821	\$ -	\$ 63,593	\$ -	\$ 63,593	\$ (890,228)	\$ -	\$ (890,228)	
Special Education - Instruction	56,164	-	-	56,164	-	56,164	-	56,164	-	-	-	
General Supplies	6,057	-	-	6,057	-	6,057	-	6,057	-	-	-	
<i>Undistributed Expenditures:</i>												
Instruction	442,353	-	-	442,353	-	1,447	-	1,447	(440,906)	-	(440,906)	
Support Services - General Administration	375,495	-	-	375,495	-	-	-	-	(375,495)	-	(375,495)	
Support Services - School Administration	251,437	-	-	251,437	-	-	-	-	(251,437)	-	(251,437)	
Central Services	1,896	-	-	1,896	-	-	-	-	(1,896)	-	(1,896)	
Operation and Maintenance of Plant Services	762,902	-	-	762,902	-	-	-	-	(762,902)	-	(762,902)	
Student Transportation Services	1,428	-	-	1,428	-	-	-	-	(1,428)	-	(1,428)	
Unallocated Employee Benefits	156,567	-	-	156,567	-	23,952	-	23,952	(132,615)	-	(132,615)	
TPAF Pension	-	-	-	-	-	-	-	-	-	-	-	
TPAF Social Security	90,960	-	-	90,960	-	90,960	-	90,960	-	-	-	
Total Governmental Activities	\$ 3,099,080	\$ -	\$ -	\$ 3,099,080	\$ -	\$ 242,173	\$ -	\$ 242,173	\$ (2,856,907)	\$ -	\$ (2,856,907)	
Business-Type Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Primary Government	\$ 3,099,080	\$ -	\$ -	\$ 3,099,080	\$ -	\$ 242,173	\$ -	\$ 242,173	\$ (2,856,907)	\$ -	\$ (2,856,907)	
									<i>General Revenues:</i>			
									Local Tax Levy (Sending Districts)	\$ 729,992	\$ -	\$ 729,992
									Unrestricted State Aid	2,841,081	-	2,841,081
									Unrestricted Miscellaneous Revenues	241	-	241
									Total General Revenues	3,571,314	-	3,571,314
									Transfers & Adjustments	-	-	-
									Change in Net Assets	714,407	-	714,407
									Net Assets—Beginning	-	-	-
									Net Assets—Ending	\$ 714,407	\$ -	\$ 714,407

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.

**M.E.T.S. CHARTER SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2012**

	General Fund	Special Revenue Fund	Total
<u>ASSETS</u>			
Cash	\$ 713,442	\$ (110,217)	\$ 603,225
Intergovernmental Receivable - Federal	-	110,217	110,217
Intergovernmental Receivable - State	965	-	965
Total Assets	<u>\$ 714,407</u>	<u>\$ -</u>	<u>\$ 714,407</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
Deferred Revenue:			
Reserve for Encumbrances	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:			
Reserve for Encumbrances	\$ -	\$ -	\$ -
Undesignated	714,407	-	714,407
Total fund Balances	<u>\$ 714,407</u>	<u>\$ -</u>	<u>\$ 714,407</u>
Total Liabilities and Fund Balances	<u>\$ 714,407</u>	<u>\$ -</u>	<u>\$ 714,407</u>

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

\$ 714,407

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

-

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

-

Net assets of governmental activities

\$ 714,407

**M.E.T.S. CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	General	Special Revenue	Total
REVENUES			
Local Sources:			
Local Tax Levy (Sending Districts)	\$ 729,992	\$ -	\$ 729,992
Unrestricted Miscellaneous Revenues	241	-	241
Total Local Sources	\$ 730,233	\$ -	\$ 730,233
State Sources	2,932,041	-	2,932,041
Federal Sources	-	151,213	151,213
Total Revenues	\$ 3,662,274	\$ 151,213	\$ 3,813,487
EXPENDITURES			
Current Expense:			
Instruction:			
Regular Programs	\$ 890,228	\$ 63,593	\$ 953,821
Special Education	-	56,164	56,164
General Supplies	-	6,057	6,057
Undistributed Expenditures:			
Instruction	440,906	1,447	442,353
Support Services - General Administration	375,495	-	375,495
Support Services - School Administration	251,437	-	251,437
Central Services	1,896	-	1,896
Operation and Maintenance of Plant Services	762,902	-	762,902
Student Transportation Services	1,428	-	1,428
Personal Services - Employee Benefits	132,615	23,952	156,567
TPAF Pension	-	-	-
TPAF Social Security	90,960	-	90,960
Capital Outlay:			
Increase in Capital Reserve	-	-	-
Interest Deposit to Capital Reserve	-	-	-
Equipment	-	-	-
Facilities Acquisition and Construction Services	-	-	-
Debt Service:			
Bond Interest	-	-	-
Bond Principal	-	-	-
Total Expenditures	\$ 2,947,867	\$ 151,213	\$ 3,099,080
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 714,407	\$ -	\$ 714,407
OTHER FINANCING SOURCES (USES)			
Operating Transfers	-	-	-
Net Change In Fund Balances	\$ 714,407	\$ -	\$ 714,407
Fund Balances - July 1	-	-	-
Fund Balances - June 30	\$ 714,407	\$ -	\$ 714,407

M.E.T.S. 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, 2012

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 714,407

Amounts reported for *Governmental Activities* in the *Statement of Activities* (A-2) are different because:

Capital outlays are reported in Governmental Funds as expenditures. However, in the *Statement of Activities*, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	-
Capital Outlays	-

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

Net Change in Compensated Absences	-
------------------------------------	---

Change in net assets of governmental activities (A-2)	<u>\$ 714,407</u>
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**M.E.T.S. CHARTER SCHOOL
PROPRIETARY FUNDS
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012**

Not Applicable

**M.E.T.S. CHARTER SCHOOL
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Not Applicable

**M.E.T.S. CHARTER SCHOOL
PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Not Applicable

**M.E.T.S. CHARTER SCHOOL
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

ASSETS

Cash	\$ 46,645
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LIABILITIES

Due to Student Groups	\$ 2,337
Payroll, Deductions and Withholdings Payable	44,308

Total Liabilities	\$ 46,645
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NET ASSETS

Held in Trust for Unemployment Claims	\$ -
--	------

**M.E.T.S. CHARTER SCHOOL
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

ADDITIONS

Transfers	\$	-
Earnings on Investments		-
	<u>\$</u>	<u>-</u>

DEDUCTIONS

Unemployment Claims	<u>\$</u>	<u>-</u>
Change in Net Assets	\$	-
Net Assets - Beginning		-
Net Assets - Ending	<u><u>\$</u></u>	<u><u>-</u></u>

**M.E.T.S. CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 1 - Summary of Significant Accounting Policies

Charter schools have been part of New Jersey's education landscape since 1995, when the New Jersey Charter School Program Act, N.J.S.A. 18A: 36A-1 et seq., was enacted. Charter schools are free public schools that cannot charge tuition and are open to all students on a space-available basis with preference given to students from the charter school's district or region of residence. Charter Schools operate under a charter granted by the Commissioner of Education and is independent of the local school district's board of education and are managed by a board of trustees. The state's charter school law was passed to give parents choices for their children's education.

The law is intended to:

- Improve student learning and achievement;
- Increase the availability of choice to parents and students when selecting a learning environment;
- Encourage the use of different and innovative learning methods;
- Establish a new system of accountability for schools;
- Make the school the unit for educational improvement;
- Establish new professional opportunities for teachers.

Founders of a charter school can be teaching staff members, parents with children attending schools of the district or a combination of both, as well as institutions of higher education or a private entity located within the state in conjunction with teaching staff members and parents.

As of September 2012, there are 86 approved charter schools currently operating in New Jersey and over 30,000 students enrolled in public charter schools across the state.

Mathematics, Engineering, Technology & Science (M.E.T.S.) Charter School opened its doors to 320 students in the fall of 2011. Founded by five dedicated educators and published education authors, M.E.T.S. is a new public charter school that provides a free alternative to the traditional school model. M.E.T.S. currently serves grades 6-9 and will soon offer a full high school curriculum, growing to 560 students. The State Department of Education has granted a charter covering the period from July 1, 2011 to June 30, 2015.

The financial statements of the Board of Trustees (the "Board") of the M.E.T.S. Charter School (the "Charter School") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of volunteer officials and is responsible for the fiscal control of the Charter School. A director is appointed by the Board and is responsible for the administrative control of the Charter School.

Under state law, charters must meet the same statewide academic standards as regular public schools, but are exempt from certain requirements. For instance, they cannot obtain state funds to upgrade their buildings unless there's a direct threat to student health and safety. But students take the same standardized tests in measuring academic progress.

The New Jersey Commissioner of Education grants special academic charters after an applications process. Like regular public schools, they must offer free education to all city children, and, if demand outpaces available slots, hold lotteries in admitting them. Out-of-district students can fill any remaining openings.

Charters set their own grade levels and specialties, and can conduct longer school days than typical public schools. They are required to admit any student, regardless of academic ability. Their licenses — which can be revoked for poor academic performance — let them operate independently from a school district. Each must be governed by a Board of Trustees and managed by its own business administrator.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity.

The primary criterion for including activities within the District's reporting entity is the degree of oversight responsibility maintained by the primary government. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds and account groups of the District over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria, as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

**M.E.T.S. CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation

Charter School-Wide Financial Statements

The statement of net assets and the statement of activities present financial information about the Charter School's governmental activities. These statements include the financial activities of the overall Charter School in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) 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. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function 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 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 governmental funds as major is important for public interest and to promote consistency among School financial reporting models.

The accounts of the Charter School are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: *governmental, proprietary and fiduciary*. Each category, in turn, is divided into separate "fund types".

Governmental Fund Types --

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 noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the Charter School includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, School taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Governmental Fund Types (Continued)

Special Revenue Fund: The Special Revenue fund accounts for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Proprietary Fund Type --

Enterprise (Food Service and Before and After School Program) Funds: The Enterprise Funds account for all revenues and expenses pertaining to cafeteria and child care operations. The food service fund and before and after school program fund 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. The M.E.T.S. Charter School currently does not offer these programs and therefore does not maintain an Enterprise Fund.

Fiduciary Fund Types --

Trust and Agency Funds: The Trust and Agency funds are used to account for assets held by the Charter School on behalf of others as their agent. Agency funds are custodial in nature and do not involve a measurement of results of operations. Included in this fund is the Payroll Agency and Student Activity accounts.

C. Basis of Accounting

The Charter School-Wide financial statements, the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the School gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes (in the form of Charter School Aid) is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The Charter School considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. 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. 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.

It is the Charter School's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the Charter School's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**M.E.T.S. CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting (Continued)

Charter School Aid is susceptible to accrual since under the New Jersey State Statute, each constituent school district is required to remit to the Charter School the entire balance of aid in the amount reported to each district by the State Department of Education. The School is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

Under the terms of grant agreements, the Charter School may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the Charter School's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

Reports for the Charter Schools Proprietary Funds are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with Government Accounting Standards Board (GASB) pronouncements.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. 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/transfers must be approved by School Board resolution. All budgetary 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).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the special revenue fund as noted below. 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the Charter 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.

N.J.S.A. 17:9:41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Note 1 - Summary of Significant Accounting Policies (Continued)

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. 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 funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances

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 revenue fund are reported as restricted, committed and/or assigned 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.

I. Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represents amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Charter School and that are due within one year.

J. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure 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 in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

**M.E.T.S. CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 1 - Summary of Significant Accounting Policies (Continued)

K. Capital Assets

Capital Assets acquired or constructed during the year are recorded at historical cost including ancillary charges necessary to place the asset into service. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The Charter School does not possess any infrastructure. The Charter School has reviewed capital assets for impairment. The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the Charter School-Wide statements and proprietary funds range from 5 to 50 years.

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

L. Long Term Liabilities:

In the Charter School-Wide statements of net assets, long-term debt and other long-term obligations are reported as liabilities in government activities. Debt issuance costs, as well as applicable debt discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize debt discounts, as well as debt issuance costs, as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

In the Charter School-Wide Statement of Net Assets, the liabilities whose average maturities are greater than one year should be reported in two components - the amount due within one year and the amount due beyond one year.

M. 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. As of June 30, 2012, the amount earned by these employees but not disbursed was \$0.

N. Deferred Revenue

Deferred revenue in the Special Revenue Fund represents cash and/or commodities which has been received but not yet earned. See note 1(D) regarding the Special Revenue Fund.

O. Net Assets

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

Note 1 - Summary of Significant Accounting Policies (Continued)

P. Fund Balance Restrictions, Commitments and Assignments

The Charter School implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the current fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classification that can be more consistently applied by clarifying the existing governmental fund type definitions (as detailed in Note 1(B)). This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the Charter School's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Charter School has no funds restricted at June 30, 2012.

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Q. Revenue - 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 property taxes (Charter School Aid), grants, entitlements and donations. Revenue from grants, entitlements and donations is 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 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, interest and tuition.

R. Revenue - Operating Revenue and Expenses

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the Charter School, these revenues are typically sales for Food Service and Before and After School Care. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund. As previously noted, the M.E.T.S. Charter School does not maintain an Enterprise Fund.

S. Management Estimates

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

T. Explanation of Certain Differences Between Governmental Fund Statements and Charter School-Wide Statements

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and Charter School-Wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

**M.E.T.S. CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 2 - Cash and Cash Equivalents and Investments

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

Investments are stated at cost, which approximates market. The Charter School 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. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosure*, requires disclosure of the level of custodial credit risk assumed by the Charter School in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the Charter School ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The Charter School limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below.

Deposits:

New Jersey statutes require that school districts 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. School districts 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:

- 1.) The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit, and
- 2.) 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 Charter School to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or

**M.E.T.S. CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 2 - Cash and Cash Equivalents and Investments (Continued)

Investments (Continued)

(7) Agreements for the repurchase of fully collateralized securities if:

- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
- (b) the custody of collateral is transferred to a third party;
- (c) the maturity of the agreement is not more than 30 days;
- (d) the underlying securities are purchased through a public depository as defined in statute; and
- (e) a master repurchase agreement providing for the custody and security of collateral is executed.

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

	<u>Cash</u>	<u>Investments</u>
Checking/Money Market Accounts - Governmental Funds	\$ 603,225	\$ -
Checking/Money Market Accounts - Proprietary Funds	-	-
Checking/Money Market Accounts - Fiduciary Funds	46,645	-
	<u>\$ 649,870</u>	<u>\$ -</u>

**M.E.T.S. CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 3 - Capital Assets

The following schedule is a summarization of the changes in general fixed assets by source for the fiscal year ended June 30, 2012:

	Beginning Balance	Additions	Disposals	Adjustments	Ending Balance
<i>Governmental Activities --</i>					
Capital Assets not being Depreciated:					
Sites	\$ -	\$ -	\$ -	\$ -	-
Construction in Progress	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Capital Assets being Depreciated:					
Site Improvements	\$ -	\$ -	\$ -	\$ -	-
Buildings	-	-	-	-	-
Building Improvements	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-
Vehicles	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Less Accumulated Depreciation:					
Site Improvements	\$ -	\$ -	\$ -	\$ -	-
Buildings	-	-	-	-	-
Building Improvements	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-
Vehicles	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Net Assets for Governmental Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

Business Type Activities --

	Beginning Balance	Additions	Disposals	Adjustments	Ending Balance
Capital Assets being Depreciated:					
Machinery and Equipment	\$ -	\$ -	\$ -	\$ -	-
Less Accumulated Depreciation For:					
Machinery and Equipment	\$ -	\$ -	\$ -	\$ -	-
Net Assets for Business Type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

**M.E.T.S. CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 4 - Operating Leases and Other Commitments

In accordance with GAAP, the District does not include non-capitalized (operating) leases or other similar commitments in the financial statements. As of June 30, 2012, the District had not entered into any such agreements which would be considered material for subsequent year's obligation disclosure. The District has entered into such agreements which have been deemed immaterial to the financial statements for small office equipment, etc. Detailed information concerning these insignificant obligations is on file with the School Business Office.

Grant Programs

The Charter School participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The Charter School is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The Charter School may periodically be involved in lawsuits and estimates that any potential claims against it resulting from such litigation and not covered by insurance would not materially adversely affect the financial position of the Charter School. As of June 30, 2012, no such litigation is pending.

Encumbrances

The Charter School has no encumbrances recorded as of June 30, 2012.

Facility Lease

The Charter School currently leases approximately 40,000 square feet of building space in Jersey City, New Jersey under the terms of a non-cancelable lease with the Jersey City Redevelopment Agency. The lease commenced on August 15, 2011 and expired on July 14, 2012. Total rent for the period was \$500,000 plus a management fee of an additional \$20,000 for a total of \$520,000. The rent was paid in ten (10) equal installments of \$50,000 starting in September 2011 and ending in June 2012. The management fee was paid in two (2) equal installments of \$10,000 in November 2011 and March 2012. As of June 30, 2012 all rent and management fees were paid in full and properly charged to support services.

On July 15, 2012 the lease renewed for one year expiring on July 14, 2013. Total rent for the renewal period increased to \$672,000 payable in 12 equal payments of \$56,000 and the total management fee increased to \$40,000 payable in 2 equal installments of \$20,000. The lease amendment allows for additional 1 year extensions with proper notice to the Landlord by the Tenant.

Loans Payable

The Charter School borrowed \$50,000 from RSI Bank as startup funding once their charter was approved. The loan carried interest at current market rates and was fully paid off by June 30, 2012. Interest paid totaled \$1,896 for fiscal year ended June 30, 2012.

**M.E.T.S. CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 5 - Long-Term Debt

The M.E.T.S. Charter School has no long-term liabilities as of June 30, 2012.

**M.E.T.S. CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 6 - Retirement Plans

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey. These systems are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other noncontribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

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

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

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Effective with the first payroll to be paid on or after October 1, 2011 the employee contributions for PERS and TPAF went from 5.5% to 6.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits.

During the fiscal year ended June 30, 2012 the State of New Jersey contributed \$0 to the TPAF for normal pension benefits on-behalf of the school. TPAF pensionable wages for the quarter ended June 30, 2010 is the basis for Treasury's allocation of the June 30, 2012 TPAF on-behalf payment to the charter schools. The M.E.T.S. Charter school received its charter July 1, 2011, and therefore did not have on file TPAF pensionable wages for the quarter ended June 30, 2010 in order to receive an actuarial allocation of the TPAF on-behalf payment made for the 2011-2012 fiscal year.

Contributions required by the Charter School were as follows:

Public Employees Retirement System:

<u>Year</u>	<u>Annual Pension Cost</u>	<u>Chapter 108 P.L. 2003 Phase - In Credit</u>	<u>Chapter 19 P.L. 2009 Deferral</u>	<u>Non-Contributory Group Life Insurance</u>	<u>Net Pension Obligation</u>
2012	\$ -	\$ -	\$ -	\$ -	\$ -

Teachers' Pension and Annuity Fund:

<u>Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Total Obligation</u>
2012	\$ -	100%	- (On-Behalf)

**M.E.T.S. CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 7 - Post-Retirement Benefits

Chapter 384 of P.L. 1987 and Chapter 6 of P.L. 1990 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, Chapter 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, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with 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.

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 \$144 million toward Chapter 126 benefits for 15,079 eligible retired members in Fiscal Year 2011.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the school amounted to \$0 for 2012 as TPAF pensionable wages for the quarter ended June 30, 2010 is the basis for Treasury's allocation of the June 30, 2012 TPAF on-behalf payment to the charter schools. The M.E.T.S. Charter school received its charter July 1, 2011, and therefore did not have on file TPAF pensionable wages for the quarter ended June 30, 2010 in order to receive an actuarial allocation of the TPAF on-behalf payment made for the 2011-2012 fiscal year.

**M.E.T.S. CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 8 - Compensated Absences

Charter Schools account for compensated absences as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences" which states that a liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Charter school employees are granted varying amounts of vacation and sick leave in accordance with the charter school's personnel policy. Upon termination, employees are paid for accrued vacation. The charter school's policy does not permit employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees forfeit unused sick leave.

Based upon the above no liability for vested compensated absences is necessary at June 30, 2012.

**M.E.T.S. CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 9 - Deferred Compensation

The Charter School offers its employees three (3) deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, administered by AXA Equitable, First Investors and Primerica Financial Services permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

**M.E.T.S. CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 10 - Capital Reserve Account

The M.E.T.S. Charter School did not maintain a capital reserve account as of June 30, 2012.

**M.E.T.S. CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 11 - 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 Reimbursement 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 Charter School does not utilize a trust fund to account for employer and employee unemployment tax contributions, interest earned or employee reimbursements back to the State of New Jersey for benefits paid on its behalf.

M.E.T.S. CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

Note 12 - Interfund Receivables and Payables

Interfund balances as of June 30 were as follows:

	2012	
	Interfund Receivable	Interfund Payable
General Fund	\$ -	\$ -
Special Revenue Fund	-	-
Enterprise Fund	-	-
Trust and Agency Fund	-	-
	<u>\$ -</u>	<u>\$ -</u>

**M.E.T.S. CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 13 - Retained Earnings - Enterprise Funds

The M.E.T.S. Charter School did not maintain an Enterprise Fund as of June 30, 2012.

**M.E.T.S. CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 14 - Economic Dependency

The Charter School receives a substantial amount of its support from state and local governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Charter School's programs and activities.

**M.E.T.S. CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 15 - Subsequent Events

We have evaluated subsequent events through December 5, 2012, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION - PART II

SECTION "C" - BUDGETARY COMPARISON SCHEDULES

M.E.T.S. CHARTER SCHOOL
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

C-1

	Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Favorable / (Unfavorable)	Encumbered
REVENUES									
Local Sources:									
Local Tax Levy (Sending Districts)	10-1210	\$ 677,787	\$ -	\$ -	\$ -	\$ 677,787	\$ 729,992	\$ 52,205	\$ -
Unrestricted Miscellaneous Revenues	10-1XXX	-	-	-	-	-	241	241	-
Total Local Sources		\$ 677,787	\$ -	\$ -	\$ -	\$ 677,787	\$ 730,233	\$ 52,446	\$ -
State Sources:									
Charter School Aid	10-3XXX	\$ 2,067,548	\$ -	\$ -	\$ -	\$ 2,067,548	\$ 2,067,548	\$ -	\$ -
Special Education Categorical Aid	10-3132	44,108	-	-	-	44,108	44,108	-	-
Security Aid	10-3177	96,635	-	-	-	96,635	96,635	-	-
Non-Public Aid	10-3XXX	-	-	-	-	-	632,790	632,790	-
TPAF Social Security (Reimbursed)	Non-Budgeted	-	-	-	-	-	90,960	90,960	-
Total State Sources		\$ 2,208,291	\$ -	\$ -	\$ -	\$ 2,208,291	\$ 2,932,041	\$ 723,750	\$ -
Total Revenues		\$ 2,886,078	\$ -	\$ -	\$ -	\$ 2,886,078	\$ 3,662,274	\$ 776,196	\$ -

M.E.T.S. CHARTER SCHOOL
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

C-1

	Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Favorable / (Unfavorable)	Encumbered
EXPENDITURES									
General Current Expense									
Regular Programs - Instruction:									
Grades 6-8 - Salaries of Teachers	11-130-100-101	\$ 804,750	\$ -	\$ (136,500)	\$ -	\$ 668,250	\$ 667,671	\$ 579	\$ -
Grades 9-12 - Salaries of Teachers	11-140-100-101	268,250	-	(45,500)	-	222,750	222,557	193	-
Regular Programs - Undistributed Instruction:									
Other Salaries for Instruction	11-190-100-106	20,000	-	(8,100)	-	11,900	11,900	-	-
Purchased Professional - Educational Services	11-190-100-300	-	-	75,000	-	75,000	75,000	-	-
Other Purchased Services	11-190-100-500	-	-	-	-	-	-	-	-
General Supplies	11-190-100-610	55,894	-	85,281	-	141,175	141,175	-	-
Textbooks	11-190-100-640	150,000	-	(60,272)	-	89,728	89,463	265	-
Other Objects	11-190-100-890	100,736	-	22,863	-	123,599	123,368	231	-
Total Regular Programs		\$ 1,399,630	\$ -	\$ (67,228)	\$ -	\$ 1,332,402	\$ 1,331,134	\$ 1,268	\$ -
Undistributed Expenditures - Support Services - General Administration:									
Salaries	11-000-230-100	\$ 315,000	\$ -	\$ (50,340)	\$ -	\$ 264,660	\$ 264,660	\$ -	\$ -
Other Purchased Professional & Technical Services	11-000-230-300	28,225	-	45,765	-	73,990	73,990	-	-
Legal Services	11-000-230-331	21,775	-	-	-	21,775	21,775	-	-
Audit Fees	11-000-230-332	-	-	-	-	-	-	-	-
Communications/Telephone	11-000-230-530	36,200	-	(30,974)	-	5,226	2,526	2,700	-
Other Purchased Services	11-000-230-590	4,100	-	(1,724)	-	2,376	2,376	-	-
General Supplies	11-000-230-610	500	-	2,238	-	2,738	2,738	-	-
Miscellaneous Expenditures	11-000-230-890	-	-	7,430	-	7,430	7,430	-	-
		\$ 405,800	\$ -	\$ (27,605)	\$ -	\$ 378,195	\$ 375,495	\$ 2,700	\$ -

M.E.T.S. CHARTER SCHOOL
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

C-1

Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Favorable / (Unfavorable)	Encumbered
EXPENDITURES (Continued)								
General Current Expense (Continued)								
Undistributed Expenditures - Support Services - School Administration:								
Salaries - Support Services	11-000-240-110	\$ 212,800	\$ -	\$ 18,186	\$ -	\$ 230,986	\$ 230,986	\$ -
Other Purchased Professional & Technical Services	11-000-240-300	10,000	-	10,451	-	20,451	20,451	-
Other Purchased Services	11-000-240-500	-	-	-	-	-	-	-
Other Objects	11-000-240-890	-	-	-	-	-	-	-
		<u>\$ 222,800</u>	<u>\$ -</u>	<u>\$ 28,637</u>	<u>\$ -</u>	<u>\$ 251,437</u>	<u>\$ 251,437</u>	<u>\$ -</u>
Undistributed Expenditures - Central Services:								
Interest on Current Loans	11-000-251-831	12,000	-	(8,175)	-	3,825	1,896	1,929
		<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ (8,175)</u>	<u>\$ -</u>	<u>\$ 3,825</u>	<u>\$ 1,896</u>	<u>\$ 1,929</u>
Undistributed Expenditures - Other Operations and Maintenance of Plant Services:								
Rental of Land & Buildings	11-000-262-441	520,000	-	-	-	520,000	520,000	-
Insurance	11-000-262-520	50,000	-	11,062	-	61,062	60,780	282
General Supplies	11-000-262-610	20,000	-	12,524	-	32,524	32,524	-
Energy	11-000-262-620	150,000	-	(51,093)	-	98,907	88,592	10,315
Other Objects	11-000-262-890	4,250	-	56,756	-	61,006	61,006	-
		<u>\$ 744,250</u>	<u>\$ -</u>	<u>\$ 29,249</u>	<u>\$ -</u>	<u>\$ 773,499</u>	<u>\$ 762,902</u>	<u>\$ 10,597</u>
Undistributed Expenditures - Student Transportation Services:								
Contracted Services (Between Home & School) - Vendors	11-000-270-511	-	-	1,428	-	1,428	1,428	-
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,428</u>	<u>\$ -</u>	<u>\$ 1,428</u>	<u>\$ 1,428</u>	<u>\$ -</u>
Unallocated Benefits - Employee Benefits:								
Social Security Contributions	11-000-291-220	\$ 101,598	\$ -	\$ (48,444)	\$ -	\$ 53,154	\$ 40,477	\$ 12,677
Other Retirement Contributions - PERS	11-000-291-241	-	-	-	-	-	-	-
Unemployment Compensation	11-000-291-250	-	-	-	-	-	-	-
Health Benefits	11-000-291-270	-	-	92,138	-	92,138	92,138	-
		<u>\$ 101,598</u>	<u>\$ -</u>	<u>\$ 43,694</u>	<u>\$ -</u>	<u>\$ 145,292</u>	<u>\$ 132,615</u>	<u>\$ 12,677</u>

M.E.T.S. CHARTER SCHOOL
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Favorable / (Unfavorable)	Encumbered
<u>EXPENDITURES (Continued)</u>									
<u>General Current Expense (Continued)</u>									
TPAF Pension (On Behalf)	Non-Budgeted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TPAF Social Security (Reimbursed)	Non-Budgeted	\$ -	\$ -	\$ -	\$ -	\$ -	90,960	(90,960)	\$ -
Total Undistributed Expenditures		\$ 2,886,078	\$ -	\$ -	\$ -	\$ 2,886,078	\$ 2,947,867	\$ (61,789)	\$ -
Total Expenditures - Current Expense		\$ 2,886,078	\$ -	\$ -	\$ -	\$ 2,886,078	\$ 2,947,867	\$ (61,789)	\$ -
<u>Capital Outlay</u>									
Equipment:									
Instructional Equipment	12-000-100-731	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Instructional Equipment	12-000-300-732	-	-	-	-	-	-	-	-
Purchased Land & Improvements	12-000-400-710	-	-	-	-	-	-	-	-
Miscellaneous Expenses	12-000-400-890	-	-	-	-	-	-	-	-
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capital Outlay		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenditures		\$ 2,886,078	\$ -	\$ -	\$ -	\$ 2,886,078	\$ 2,947,867	\$ (61,789)	\$ -
Excess (Deficiency) of Revenues Over (Under) Expenditures		\$ -	\$ -	\$ -	\$ -	\$ -	714,407	714,407	\$ -
Fund Balances, July 1		-	-	-	-	-	-	-	-
Fund Balances, June 30		\$ -	\$ -	\$ -	\$ -	\$ -	714,407	714,407	
<u>Recapitulation of Excess (Deficiency) of Revenues Under Expenditures:</u>									
Adjustment for Prior Year Encumbrances		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Budgeted Fund Balance - Original		-	-	-	-	-	-	-	-
Budgeted Fund Balance - Additional		-	-	-	-	-	714,407	714,407	-
Budgeted Withdrawal From Capital Reserve		-	-	-	-	-	-	-	-
		\$ -	\$ -	\$ -	\$ -	\$ -	714,407	714,407	
Recapitulation of Fund Balance:									
Reserve for Encumbrances							-		
Unreserved - Undesignated							714,407		
							714,407		
Reconciliation to Governmental Funds Statements (GAAP):									
Last State Aid Payment(s) not recognized on GAAP basis							-		
Fund Balance per Governmental Funds (GAAP) (Exhibit B-1)							714,407		

**M.E.T.S. CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Final Budget	Actual	Variance to Final Favorable / (Unfavorable)
<u>REVENUES</u>			
Local Sources	\$ -	\$ -	\$ -
Federal Sources	151,213	151,213	-
State Sources	-	-	-
Total Revenues	\$ 151,213	\$ 151,213	\$ -
<u>EXPENDITURES</u>			
Instruction:			
Personal Services - Salaries	\$ 119,757	\$ 119,757	\$ -
Purchased Professional & Technical Services	-	-	-
Other Purchased Services	-	-	-
General Supplies	6,057	6,057	-
Textbooks	-	-	-
Other Objects	-	-	-
Total Instruction	\$ 125,814	\$ 125,814	\$ -
Support Services:			
Personal Services - Salaries	\$ 1,447	\$ 1,447	\$ -
Personal Services - Employee Benefits	23,952	23,952	-
Purchased Professional & Technical Services	-	-	-
Purchased Professional - Educational Services	-	-	-
Purchased Property Services	-	-	-
Other Purchased Services	-	-	-
Travel	-	-	-
Supplies and Materials	-	-	-
Other Objects	-	-	-
Total Support Services	\$ 25,399	\$ 25,399	\$ -
Facilities Acquisition and Construction Services:			
Buildings	\$ -	\$ -	-
Instructional Equipment	-	-	-
Non-Instructional Equipment	-	-	-
Total Facilities Acquisition and Construction Service:	\$ -	\$ -	\$ -
Total Expenditures	\$ 151,213	\$ 151,213	\$ -

**M.E.T.S. CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Note 1 Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1)	\$ 3,662,274	\$ 151,213
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements	-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	<u>\$ 3,662,274</u>	<u>\$ 151,213</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 2,947,867	\$ 151,213
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 2,947,867</u>	<u>\$ 151,213</u>

SECTION "D" - SCHOOL LEVEL SCHEDULES

**M.E.T.S. CHARTER SCHOOL
COMBINING BALANCE SHEET
GENERAL FUND**

Not Applicable

**M.E.T.S. CHARTER SCHOOL
BLENDED RESOURCE FUND - SCHEDULE OF EXPENDITURES ALLOCATED
BY RESOURCE TYPE - ACTUAL
GENERAL FUND**

Not Applicable

**M.E.T.S. CHARTER SCHOOL
BLENDED RESOURCE FUND -
SCHEDULE OF BLENDED EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND**

Not Applicable

SECTION "E" - SPECIAL REVENUE FUND

**M.E.T.S. CHARTER SCHOOL
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGETARY BASIS
SPECIAL REVENUE FUND**

	N.C.L.B.		I.D.E.A. Part B (Handicapped)		Reconciliation to GAAP Basis		
	Title I	Title II, Part A	Basic	Totals	plus 6/30/11	(less) 6/30/12	GAAP
					encumbrances	encumbrances	Basis
REVENUES							
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-	-	-	-
Federal Sources	90,492	4,557	56,164	151,213	-	-	151,213
Total Revenues	\$ 90,492	\$ 4,557	\$ 56,164	\$ 151,213	\$ -	\$ -	\$ 151,213
EXPENDITURES							
Instruction:							
Salaries of Teachers	100-101	\$ 72,954	\$ -	\$ 46,803	\$ 119,757	\$ -	\$ 119,757
Purchased Professional and Technical Services	100-300	-	-	-	-	-	-
Other Purchased Services	100-500	-	-	-	-	-	-
General Supplies	100-610	1,500	4,557	-	6,057	-	6,057
Textbooks	100-640	-	-	-	-	-	-
Other Objects	100-800	-	-	-	-	-	-
Total Instruction		\$ 74,454	\$ 4,557	\$ 46,803	\$ 125,814	\$ -	\$ 125,814
Support Services:							
Salaries of Program Directors	200-102	\$ 1,447	\$ -	\$ -	\$ 1,447	\$ -	\$ 1,447
Salaries of Supervisors of Instruction	200-103	-	-	-	-	-	-
Salaries of Other Professional Staff	200-104	-	-	-	-	-	-
Salaries of Secretarial and Clerical Assistants	200-105	-	-	-	-	-	-
Personal Services - Employee Benefits	200-200	14,591	-	9,361	23,952	-	23,952
Purchased Professional & Technical Services	200-300	-	-	-	-	-	-
Purchased Professional - Educational Services	200-320	-	-	-	-	-	-
Purchased Property Services	200-400	-	-	-	-	-	-
Travel	200-580	-	-	-	-	-	-
Other Purchased Services	200-590	-	-	-	-	-	-
Supplies and Materials	200-600	-	-	-	-	-	-
Other Objects	200-890	-	-	-	-	-	-
Total Support Services		\$ 16,038	\$ -	\$ 9,361	\$ 25,399	\$ -	\$ 25,399
Facilities Acquisition and Construction Services:							
Buildings	400-720	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Instructional Equipment	400-731	-	-	-	-	-	-
Non-Instructional Equipment	400-732	-	-	-	-	-	-
Total Facilities Acquisition and Construction Services		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenditures		\$ 90,492	\$ 4,557	\$ 56,164	\$ 151,213	\$ -	\$ 151,213

**M.E.T.S. CHARTER SCHOOL
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES -
BUDGETARY BASIS
SPECIAL REVENUE FUND**

Not Applicable

SECTION "F" - CAPITAL PROJECTS FUND

**M.E.T.S. CHARTER SCHOOL
SUMMARY STATEMENT OF PROJECT EXPENDITURES
CAPITAL PROJECTS FUND**

Not Applicable

SECTION "G" - ENTERPRISE FUNDS

**M.E.T.S. CHARTER SCHOOL
COMBINING SCHEDULE OF NET ASSETS
ENTERPRISE FUNDS
AS OF JUNE 30, 2012**

Not Applicable

**M.E.T.S. CHARTER SCHOOL
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Not Applicable

**M.E.T.S. CHARTER SCHOOL
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Not Applicable

SECTION "H" - FIDUCIARY FUNDS

**M.E.T.S. CHARTER SCHOOL
 FIDUCIARY FUNDS
 COMBINING STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2012**

	<u>Agency Funds</u>		
	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 2,337	\$ 44,308	\$ 46,645
<u>LIABILITIES</u>			
Due to Student Groups Payroll, Deductions and Withholdings Payable	\$ 2,337	\$ -	\$ 2,337
	-	44,308	44,308
Total Liabilities	\$ 2,337	\$ 44,308	\$ 46,645
<u>NET ASSETS</u>			
Unrestricted	\$ -	\$ -	\$ -

**M.E.T.S. CHARTER SCHOOL
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Not Applicable

**M.E.T.S. CHARTER SCHOOL
 STUDENT ACTIVITY AGENCY FUND
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Balance July 1, 2011	Cash Receipts	Cash Disbursements	Balance June 30, 2012
Student Activities - 6th Grade	\$ -	\$ 243	\$ 72	\$ 171
Student Activities - 7th grade	-	94	49	45
Student Activities - 8th Grade	-	24,725	23,773	952
Student Activities - 9th Grade	-	2,330	1,161	1,169
	<u>\$ -</u>	<u>\$ 27,392</u>	<u>\$ 25,055</u>	<u>\$ 2,337</u>

**M.E.T.S. CHARTER SCHOOL
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<u>ASSETS</u>				
Cash:				
Net Payroll/Payroll Agency Account	\$ -	\$ 1,879,722	\$ 1,835,414	\$ 44,308
	<u>\$ -</u>	<u>\$ 1,879,722</u>	<u>\$ 1,835,414</u>	<u>\$ 44,308</u>
<u>LIABILITIES</u>				
Payroll, Deductions and Withholdings Payable	\$ -	\$ 1,879,722	\$ 1,835,414	\$ 44,308
	<u>\$ -</u>	<u>\$ 1,879,722</u>	<u>\$ 1,835,414</u>	<u>\$ 44,308</u>

SECTION "I" - LONG-TERM DEBT

**M.E.T.S. CHARTER SCHOOL
SCHEDULE OF MORTGAGE OBLIGATIONS
GENERAL LONG-TERM DEBT ACCOUNT GROUP**

Not Applicable

**M.E.T.S. CHARTER SCHOOL
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
GENERAL LONG-TERM DEBT ACCOUNT GROUP**

Not Applicable

**M.E.T.S. CHARTER SCHOOL
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Not Applicable

M.E.T.S. Charter School
Comprehensive Annual Financial Report
Statistical Section

**M.E.T.S. CHARTER SCHOOL
NET ASSETS BY COMPONENT
(Unaudited)**

	<u>2012*</u>
Governmental activities	
Invested in capital assets, net of related debt	\$ -
Restricted	-
Unrestricted	<u>714,407</u>
Total governmental activities	<u><u>\$ 714,407</u></u>
Business-type activities	
Invested in capital assets, net of related debt	\$ -
Restricted	-
Unrestricted	-
Total business-type activities	<u><u>\$ -</u></u>
District-wide	
Invested in capital assets, net of related debt	\$ -
Restricted	-
Unrestricted	<u>714,407</u>
Total district-wide	<u><u>\$ 714,407</u></u>

* Note - The M.E.T.S. Charter School received its charter effective July 1, 2011. Accordingly, no prior year comparative information is available.

**M.E.T.S. CHARTER SCHOOL
CHANGES IN NET ASSETS
(Unaudited)**

	<u>2012*</u>
Expenses	
Governmental Activities:	
Instruction	
Regular Programs	\$ 953,821
Special Education	56,164
General Supplies	6,057
Undistributed Expenditures:	
Instruction	442,353
Support Services - General Administration	375,495
Support Services - School Administration	251,437
Central Services	1,896
Operation and Maintenance of Plant Services	762,902
Student Transportation Services	1,428
Unallocated Employee Benefits	156,567
TPAF Pension	-
TPAF Social Security	90,960
Capital Outlay:	
Equipment	-
Facilities Acquisition and Construction Services	-
Debt Service:	
Principal	-
Interest on Long-Term Debt	-
Total Governmental Activities Expenses	<u>\$ 3,099,080</u>
Business-Type Activities:	
Food Service	<u>\$ -</u>
Total District Expenses	<u>\$ 3,099,080</u>

**M.E.T.S. CHARTER SCHOOL
CHANGES IN NET ASSETS
(Unaudited)**

	<u>2012*</u>
Program Revenues	
Governmental Activities:	
Charges for Services	\$ -
Operating Grants and Contributions	242,173
Capital Grants and Contributions	-
Total Governmental Activities Program Revenues	<u>\$ 242,173</u>
Business-Type Activities:	
Charges for Services	\$ -
Operating Grants and Contributions	-
Capital Grants and Contributions	-
Total Business-Type Activities Program Revenues	<u>-</u>
Total District Program Revenues	<u>\$ 242,173</u>
Net (Expense)/Revenue	
Governmental Activities	\$ (2,856,907)
Business-Type Activities	-
Total District-Wide	<u>\$ (2,856,907)</u>
General Revenues and Other Changes in Net Assets	
Governmental activities:	
Local Tax Levy (Sending Districts)	729,992
Unrestricted State Aid	2,841,081
State Sources	-
Federal Sources	-
Unrestricted Miscellaneous Revenues	241
Total Governmental Activities	<u>\$ 3,571,314</u>
Business-Type Activities:	
Unrestricted Miscellaneous Revenues	\$ -
Transfers	-
Total business-type activities	<u>-</u>
Total district-wide	<u>\$ 3,571,314</u>
Change in Net Assets	
Governmental Activities	\$ 714,407
Business-Type Activities	-
Total District	<u>\$ 714,407</u>
Net Assets - Beginning	-
Net Assets - Ending	<u>\$ 714,407</u>

* Note - The M.E.T.S. Charter School received its charter effective July 1, 2011. Accordingly, no prior year comparative information is available.

M.E.T.S. CHARTER SCHOOL
FUND BALANCES - GOVERNMENTAL FUNDS
(Unaudited)

	<u>2012*</u>
General Fund	
Reserved	\$ -
Unreserved	714,407
Total General Fund	<u>\$ 714,407</u>
All Other Governmental Funds	
Reserved	\$ -
Unreserved, reported in:	
Special Revenue Fund	-
Capital Projects Fund	-
Debt Service Fund	-
Permanent Fund	-
Total all Other Governmental Funds	<u>\$ -</u>
Total Governmental Funds	<u><u>\$ 714,407</u></u>

* Note - The M.E.T.S. Charter School received its charter effective July 1, 2011. Accordingly, no prior year comparative information is available.

M.E.T.S. CHARTER SCHOOL
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
(Unaudited)

	<u>2012*</u>
REVENUES	
Local Sources:	
Local Tax Levy (Sending Districts)	\$ 729,992
Unrestricted Miscellaneous Revenues	241
Total Local Sources	<u>730,233</u>
State Sources	2,932,041
Federal Sources	<u>151,213</u>
Total Revenues	<u>\$ 3,813,487</u>
EXPENDITURES	
Current Expense:	
Instruction:	
Regular Programs	\$ 953,821
Special Education	56,164
General Supplies	6,057
Support Services:	
Instruction	442,353
Support Services - General Administration	375,495
Support Services - School Administration	251,437
Central Services	1,896
Operation and Maintenance of Plant Services	762,902
Student Transportation Services	1,428
Personal Services - Employee Benefits	156,567
TPAF Pension	-
TPAF Social Security	<u>90,960</u>
Sub-Total	<u>\$ 3,099,080</u>
Capital Outlay	-
Debt Service	-
Total Expenditures	<u>\$ 3,099,080</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>\$ 714,407</u>
Other Financing Sources (Uses)	\$ -
Net change in fund balances	<u>\$ 714,407</u>
Debt service as a percentage of noncapital expenditures	0.00%

* Note - The M.E.T.S. Charter School received its charter effective July 1, 2011. Accordingly, no prior year comparative information is available.

**M.E.T.S. CHARTER SCHOOL
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
(Unaudited)**

	<u>2012*</u>
Prior Year Refunds	\$ 241
	<u>\$ 241</u>

* Note - The M.E.T.S. Charter School received its charter effective July 1, 2011. Accordingly, no prior year comparative information is available.

**M.E.T.S. CHARTER SCHOOL
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF
TAXABLE PROPERTY (Municipality)
(Unaudited)**

Not Applicable

**M.E.T.S. CHARTER SCHOOL
DIRECT AND OVERLAPPING PROPERTY TAX RATES (Municipality)
(Unaudited)**

Not Applicable

**M.E.T.S. CHARTER SCHOOL
PRINCIPAL PROPERTY TAXPAYERS (Municipality)
(Unaudited)**

Not Applicable

**M.E.T.S. CHARTER SCHOOL
PROPERTY TAX LEVIES AND COLLECTIONS (Municipality)
(Unaudited)**

Not Applicable

**M.E.T.S. CHARTER SCHOOL
RATIO OF OUTSTANDING DEBT BY TYPE (District)
(Unaudited)**

Not Applicable

**EMERSON SCHOOL DISTRICT
RATIO OF GENERAL BONDED DEBT OUTSTANDING (District)
(Unaudited)**

Not Applicable

**EMERSON SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (Municipality)
(Unaudited)**

Not Applicable

**EMERSON SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION (Municipality and District)
(Unaudited)**

Not Applicable

**M.E.T.S. CHARTER SCHOOL
DEMOGRAPHIC AND ECONOMIC STATISTICS (Municipality)
(Unaudited)**

Not Applicable

**M.E.T.S. CHARTER SCHOOL
PRINCIPAL EMPLOYERS (Municipality)
(Unaudited)**

Not Applicable

**M.E.T.S. CHARTER SCHOOL
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 (Unaudited)**

	2012*
<u>Function/Program</u>	
Instruction:	
Regular	21
Special Education	2
<u>Support Services:</u>	
Student & Instruction Related Services	-
School Administrative Services	2
General & Business Administrative Services	1
Plant Operations & Maintenance	18
Other Support Services	2
Food Service	-
Child Care	-
Total	46

* Note - The M.E.T.S. Charter School received its charter effective July 1, 2011. Accordingly, no prior year comparative information is available.

**M.E.T.S. CHARTER SCHOOL
OPERATING STATISTICS
(Unaudited)**

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>% Change</u>	<u>(Exhibit J-4 w/o TPAF) Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Average Daily Attendance</u>	<u>Student Attendance Percentage</u>
2012*	316.8	N/A	\$ 3,008,120	9,495	N/A	23.00	308.2	97.30%

* Note - The M.E.T.S. Charter School received its charter effective July 1, 2011. Accordingly, no prior year comparative information is available.

**M.E.T.S. CHARTER SCHOOL
SCHOOL BUILDING INFORMATION
(Unaudited)**

<u>School Building</u>	<u>2011</u>
Main Campus - 180 Ninth Street, Jersey City NJ	
Square Feet	40,000
Student Capacity	600.0
Student Average Daily Enrollment	316.8
Totals:	
Square Feet	40,000
Student Capacity	600.0
Student Average Daily Enrollment	316.8

**M.E.T.S. CHARTER SCHOOL
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITY
(Unaudited)**

Not Applicable

**M.E.T.S. CHARTER SCHOOL
INSURANCE SCHEDULE (District)
(Unaudited)**

LEXINGTON INSURANCE COMPANY

Administrative Offices: 100 Summer Street, Boston, Massachusetts 02110

**PUBLIC ENTITY SELECTSM EXCESS LIABILITY POLICY
DECLARATIONS**

NOTICE: LOSS AMOUNTS MAY INCLUDE DEFENSE EXPENSES, IF DEFENSE EXPENSES ARE INCLUDED WITHIN THE LIMITS OF INSURANCE OF THE APPLICABLE COVERAGE. IF DEFENSE EXPENSES ARE NOT INCLUDED WITHIN THE LIMITS OF INSURANCE OF THE APPLICABLE COVERAGE, THEN SUCH EXPENSES ARE IN ADDITION TO THE LIMITS OF INSURANCE OF THIS POLICY.

POLICY NO: 048883291

RENEWAL OF: N/A

ITEM 1. NAMED INSURED & ADDRESS:
ARTHUR J. GALLAGHER SCHOOL RISK PURCHASING GROUP, LLC
250 E. 1ST STREET, SUITE 1000
LOS ANGELES, CA 90012

ITEM 2. POLICY PERIOD: From: 07/01/2011 To: 07/01/2012
(12:01 A.M. standard time at the address stated in Item 1. above.)

ITEM 3. COVERAGES PROVIDED:

Followed Policy #1: PHILADELPHIA INSURANCE COMPANY

Applicable Coverages:

- (1) General Liability
- (2) Sexual Abuse Liability
- (3) Auto Liability
- (4) Employee Benefits Liability
- (5) Educators Legal Liability

Followed Policy #2: ARCH INSURANCE COMPANY

Applicable Coverages:

- (6) General Liability
- (7) Sexual Abuse Liability
- (8) Auto Liability
- (9) Employee Benefits Liability
- (10) Educators Legal Liability

Followed Policy #3: SCOTTSDALE INDEMNITY COMPANY/ SCOTTSDALE INSURANCE COMPANY/ NATIONAL CASUALTY COMPANY

Applicable Coverages:

- (11) Insured Person And Organization
- (12) Employment Practices Liability

Followed Policy #4: RSUI

Applicable Coverages:

- (13) Directors and Officers Liability
- (14) Employment Practices Liability

**M.E.T.S. CHARTER SCHOOL
INSURANCE SCHEDULE (District)
(Unaudited)**

Followed Policy #5: HARTFORD INSURANCE GROUP

Applicable Coverages:

(15) Employers Liability

ITEM 4. LIMITS OF INSURANCE:

\$SEE ENDT. #006 for limits per Named Insured Each Event Limit
\$SEE ENDT. #006 for limits per Named Insured Overall Policy Aggregate Limit

ITEM 5. MAINTENANCE RETENTIONS: N/A

ITEM 6. PREMIUM: \$732,450
MINIMUM EARNED PREMIUM \$732,450 at inception

ITEM 7. RETROACTIVE DATES: Applies to claims-made **Applicable Coverages** only based on the retroactive dates listed for each Named Insured in endt. #006

ITEM 8. EXTENDED REPORTING PERIOD PREMIUM: up to **200%** of Premium indicated in Item 6. in accordance with the terms and conditions of the **Applicable Coverage(s)**.

ITEM 9. SCHEDULE OF FOLLOWED POLICIES:

Followed Policy #1:

Underlying Insurer: **PHILADELPHIA INSURANCE COMPANY**
Underlying Policy Number: **AS PER SCHEDULE ON FILE WITH COMPANY**
Eff. Date: **07/01/2011** Exp. Date: **07/01/2012**

	<u>Coverages:</u>		<u>Underlying Limits:</u>	
			<u>Each Event</u>	<u>Aggregate</u>
(1)	Corresponding to Applicable Coverage (1) in Item 3.		\$1,000,000	\$2,000,000
(2)	Corresponding to Applicable Coverage (2) in Item 3.		\$1,000,000	\$2,000,000
(3)	Corresponding to Applicable Coverage (3) in Item 3.		\$1,000,000 CSL	N/A
(4)	Corresponding to Applicable Coverage (4) in Item 3.		\$1,000,000	\$1,000,000
(5)	Corresponding to Applicable Coverage (5) in Item 3.		\$1,000,000	\$1,000,000

Followed Policy #2:

Underlying Insurer: **ARCH INSURANCE COMPANY**
Underlying Policy Number: **AS PER SCHEDULE ON FILE WITH COMPANY**
Eff. Date: **07/01/2011** Exp. Date: **07/01/2012**

	<u>Coverages:</u>		<u>Underlying Limits:</u>	
			<u>Each Event</u>	<u>Aggregate</u>
(6)	corresponding to Applicable Coverage (6) in Item 3.		\$1,000,000	\$3,000,000
(7)	corresponding to Applicable Coverage (7) in Item 3.		\$1,000,000	\$3,000,000
(8)	corresponding to Applicable Coverage (8) in Item 3.		\$1,000,000 CSL	N/A
(9)	corresponding to Applicable Coverage (9) in Item 3.		\$1,000,000	\$2,000,000
(10)	corresponding to Applicable Coverage (10) in Item 3.		\$1,000,000	\$3,000,000

**M.E.T.S. CHARTER SCHOOL
INSURANCE SCHEDULE (District)
(Unaudited)**

Followed Policy #3:

Underlying Insurer: **SCOTTSDALE INDEMNITY COMPANY/ SCOTTSDALE INSURANCE COMPANY/ NATIONAL CASUALTY COMPANY**

Underlying Policy Number: **AS PER SCHEDULE ON FILE WITH COMPANY**

Eff. Date: **07/01/2011** Exp. Date: **07/01/2012**

Coverages:

Underlying Limits:

	<u>Each Event</u>	<u>Aggregate</u>
(11) corresponding to Applicable Coverage (11) in Item 3.	\$1,000,000	\$1,000,000
(12) corresponding to Applicable Coverage (12) in Item 3.	\$1,000,000	\$1,000,000

Followed Policy #4:

Underlying Insurer: **RSUI**

Underlying Policy Number: **AS PER SCHEDULE ON FILE WITH COMPANY**

Eff. Date: **07/01/2011** Exp. Date: **07/01/2012**

Coverages:

Underlying Limits:

	<u>Each Event</u>	<u>Aggregate</u>
(13) corresponding to Applicable Coverage (13) in Item 3.	\$1,000,000	\$2,000,000
(14) corresponding to Applicable Coverage (14) in Item 3.	\$1,000,000	\$2,000,000

Followed Policy #5:

Underlying Insurer: **HARTFORD INSURANCE GROUP**

Underlying Policy Number: **AS PER SCHEDULE ON FILE WITH COMPANY**

Eff. Date: **07/01/2011** Exp. Date: **07/01/2012**

Coverages:

Underlying Limits:

	<u>Each Event</u>	<u>Aggregate</u>
(15) corresponding to Applicable Coverage (15) in Item 3.	\$1,000,000	\$1,000,000

David Bresnahan

Authorized Representative OR
Countersignature (In states where applicable)

**M.E.T.S. CHARTER SCHOOL
INSURANCE SCHEDULE (District)
(Unaudited)**

National Casualty Company

**Business and Management
Indemnity Policy
Non-Profit Organizations**

Declarations

This Policy is issued by the stock insurance company listed above (Insurer).

THE EMPLOYMENT PRACTICES, INSURED PERSON AND ORGANIZATION, AND FIDUCIARY COVERAGE SECTIONS OF THIS POLICY, WHICHEVER ARE APPLICABLE, COVER ONLY CLAIMS FIRST MADE AGAINST, AND REPORTED BY THE INSURED PURSUANT TO THE TERMS OF THE RELEVANT COVERAGE SECTION. PLEASE READ THIS POLICY CAREFULLY.

THE LIMITS OF LIABILITY AVAILABLE TO PAY INSURED LOSS SHALL NOT BE REDUCED BY AMOUNTS INCURRED FOR COSTS, CHARGES AND EXPENSES. AMOUNTS INCURRED FOR COSTS, CHARGES AND EXPENSES AND LOSS SHALL ALSO BE APPLIED AGAINST THE RETENTION AMOUNTS.

TERMS THAT APPEAR IN BOLD FACE TYPE HAVE SPECIAL MEANING. PLEASE REFER TO THE APPROPRIATE DEFINITIONS SECTIONS OF THIS POLICY.

Policy Number: EKO3046785

Item 1. **Parent Organization:** M.E.T.S. Charter School
Principal Address: 180 9th St
Jersey City, NJ 07302

Item 2. **Policy Period:** From 08/31/2011 to 07/01/2012
12:01 a.m. local time at the Principal Address shown in Item 1.

Item 3. Coverage Sections

Employment Practices

1. Limit of Liability \$1,000,000 maximum aggregate for this Coverage Section
2. Retention(s):
 - a. \$5,000 each **Employment Practices Claim**
 - b. \$5,000 each **Third Party Claim**
3. **Continuity Date:** 08/31/2011
4. **Third Party Coverage:** Yes No

Insured Person and Organization

1. Limit of Liability \$1,000,000 maximum aggregate for this Coverage Section
2. Retention(s):
 - a. \$0 each **Claim** as respects **Insured Person**
 - b. \$5,000 each **Claim** as respects the **Organization**
3. **Continuity Date:** 08/31/2011

Fiduciary

1. Limit of Liability \$1,000,000 maximum aggregate for this Coverage Section
2. Retention(s): \$0 each **Fiduciary Claim**
3. **Continuity Date:** 08/31/2011

Item 4. Premium: \$2,589 plus
• New Jersey PLIGA of \$23.30

Item 5. **Discovery Period:**

1. One (1) year 30% of the premium
2. Two (2) years 125% of the premium
3. Three (3) years 150% of the premium

As provided in Section H. of the General Terms and Conditions, only one of the above **Discovery Period** options may be elected and purchased.

Item 6. **Run-Off Period:**

EKI-D-2 (04/08)

Page 1 of 2

M.E.T.S. Charter School
Comprehensive Annual Financial Report
Single Audit Section

Di Maria & Di Maria LLP
Accountants and Consultants

245 Union Street
Lodi, New Jersey 07644
Voice 973.779.6890
Facsimile 973.779.6891

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With Government Auditing Standards**

Honorable President and Members of the Board of Trustees
M.E.T.S. Charter School, County of Hudson, New Jersey

We have audited the financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Trustees of the M.E.T.S. Charter School, in the County of Hudson, State of New Jersey (the "Charter School"), as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated December 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Di Maria & Di Maria LLP

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* (Continued)**Internal Control Over Financial Reporting (Continued)**

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

Compliance and Other Matters

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

We noted certain matters that we reported to the Charter School in a separate report entitled, *Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* dated December 5, 2012.

Di Maria & Di Maria LLP

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* (Continued)

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

**DI MARIA & DI MARIA LLP
Accountants and Consultants**

**Frank Di Maria
Licensed Public School Accountant
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December 5, 2012

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**Report on Compliance With Requirements That Could Have a Direct and
Material Effect on Each Major Program and on Internal Control Over
Compliance in Accordance with New Jersey OMB Circular 04-04**

Honorable President and Members of the Board of Trustees
M.E.T.S. Charter School, County of Hudson, New Jersey

Compliance

We have audited the compliance of the Board of Trustees of the M.E.T.S. Charter School, in the County of Hudson, State of New Jersey (the "Charter School"), with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major state programs for the year ended June 30, 2012. The Charter School's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Charter School's management. Our responsibility is to express an opinion on the Charter School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"); and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

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Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with New Jersey OMB Circular 04-04 (Continued)

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

In our opinion, the Charter School, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

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

Di Maria & Di Maria LLP

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 New Jersey OMB Circular 04-04 (Continued)

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

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

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December 5, 2012

**M.E.T.S. CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Catalog of Federal Domestic Assistance Program Title	Federal C.F.D.A. Number	State Aid/Grant Program Titles	State Project Number	Award Amount	Grant Period		Balance June 30, 2011	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years Balances	(Accounts Receivable) June 30, 2012	Deferred Revenue June 30, 2012	Due to Grantor at June 30, 2012
					From	To									
Special Revenue Fund															
Title I Grants to Local Educational Agencies	84.010	Title I	NCLB 606812 231	\$ 90,492	09/01/11	08/31/12	\$ -	\$ -	\$ 40,996	\$ (90,492)	\$ -	\$ -	\$ (49,496)	\$ -	\$ -
Improving Teacher Quality State Grants	84.367	Title II, Part A	NCLB 606812 290	4,557	09/01/11	08/31/12	-	-	-	(4,557)	-	-	(4,557)	-	-
Special Education - Grants to States	84.027	I.D.E.A. Part B - Basic	IDEA 606812 250	56,164	09/01/11	08/31/12	-	-	-	(56,164)	-	-	(56,164)	-	-
Total Special Revenue Fund				\$ -	\$ -	\$ 40,996	\$ (151,213)	\$ -	\$ -	\$ (110,217)	\$ -	\$ -	\$ -	\$ -	\$ -
Total Federal Financial Awards				\$ -	\$ -	\$ 40,996	\$ (151,213)	\$ -	\$ -	\$ (110,217)	\$ -	\$ -	\$ -	\$ -	\$ -

*Expenditures less than \$500,000; U.S. Office of Management and Budget (OMB) Circular A-133 Audit not applicable.

M.E.T.S. CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor / Program Title	Grant or State Project Number	Award Amount	Grant Period		Balance June 30, 2011	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years Balances	(Accounts Receivable) June 30, 2012	Deferred Revenue June 30, 2012	Due to Grantor at June 30, 2012
			From	To									
General Fund													
Charter School Aid	12 495-034-5120 -071	\$ 2,067,548	09/01/11	06/30/12	\$ -	\$ -	\$ 2,067,548	\$ (2,067,548) *	\$ -	\$ -	\$ -	\$ -	\$ -
Special Education Categorical Aid	12 495-034-5120 -089	44,108	09/01/11	06/30/12	-	-	44,108	(44,108)	-	-	-	-	-
Security Aid	12 495-034-5120 -084	96,635	09/01/11	06/30/12	-	-	96,635	(96,635)	-	-	-	-	-
Non-Public Aid	Unknown	632,790	09/01/11	06/30/12	-	-	632,790	(632,790) *	-	-	-	-	-
Teachers' Pension and Annuity Fund – Post Retirement Medical	12 495-034-5095 -001	-	09/01/11	06/30/12	-	-	-	-	-	-	-	-	-
Teachers' Pension & Annuity Fund	12 495-034-5095 -006	-	09/01/11	06/30/12	-	-	-	-	-	-	-	-	-
Teachers' Pension & Annuity Fund – Non-Contributory Insurance	12 495-034-5095 -007	-	09/01/11	06/30/12	-	-	-	-	-	-	-	-	-
Social Security Tax	12 495-034-5095 -002	90,960	09/01/11	06/30/12	-	-	89,995	(90,960)	-	-	(965)	-	-
Total General Fund					\$ -	\$ -	\$ 2,931,076	\$ (2,932,041)	\$ -	\$ -	(965)	\$ -	\$ -
Total State Financial Assistance					\$ -	\$ -	\$ 2,931,076	\$ (2,932,041)	\$ -	\$ -	(965)	\$ -	\$ -

* Indicates Major Program

**M.E.T.S. CHARTER SCHOOL
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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 of the M.E.T.S. Charter School. The Charter School is defined in Note 1 to the 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 charter school's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations and New Jersey's OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3 - Relationship to General-Purpose Financial Statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules 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. 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.

Awards and financial assistance revenues are reported in the board's basic financial statements on a GAAP basis as presented on the following page:

**M.E.T.S. CHARTER SCHOOL
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Note 3 - Relationship to General-Purpose Financial Statements (Continued)

	Federal	State	Total
General Fund	\$ -	\$ 2,932,041	\$ 2,932,041
Special Revenue Fund	151,213	-	151,213
Debt Service Fund	-	-	-
Enterprise Fund	-	-	-
Total Awards and Financial Assistance	<u>\$ 151,213</u>	<u>\$ 2,932,041</u>	<u>\$ 3,083,254</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

The M.E.T.S. Charter School did not have any federal and state loans outstanding at of June 30, 2012.

Note 6 - Other

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

**M.E.T.S. CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section I -- Summary of Auditors' Results

Financial Statements

A) Type of auditors' report issued:	Unqualified	
B) Internal control over financial reporting:		
1. Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
2. Reportable condition(s) identified that are not considered to be material weakness(es)?	_____ yes	_____ <u>X</u> none reported
C) Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> no

**M.E.T.S. CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section I -- Summary of Auditors' Results (Continued)

Federal Awards

****Not Applicable****

A) Internal control over major programs:

1. Material weakness(es) identified? _____ yes _____ no
2. Reportable condition(s) identified that are not considered to be material weakness(es)? _____ yes _____ none reported

B) Type of auditors' report issued on compliance for major programs: Unqualified

- C) Any audit findings disclosed that are required to be reported in accordance with .510(a) of Circular A-133? _____ yes _____ no

D) Identification of major programs:

Name of Program

CFDA
Number

E) Dollar threshold used to distinguish between type A and type B programs:

\$300,000

F) Auditee qualified as low-risk auditee?

_____ yes _____ no

**M.E.T.S. CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section II -- Financial Statement Findings

There were no matters identified.

**M.E.T.S. CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

Current Year

Federal Awards:

There were no matters identified.

State Awards:

There were no matters identified.

**M.E.T.S. CHARTER SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Fiscal Year Ended June 30, 2012**

Not Applicable - No Prior Audit Findings