

***UNION COUNTY TEAMS CHARTER SCHOOL***

***COMPREHENSIVE ANNUAL  
FINANCIAL REPORT***

***FISCAL YEAR ENDED JUNE 30, 2013***

***UNION COUNTY TEAMS CHARTER SCHOOL***

***Union County TEAMS Charter School  
Board of Trustees  
Plainfield, New Jersey***

***Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2013***

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF THE  
UNION COUNTY TEAMS CHARTER SCHOOL  
PLAINFIELD, NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

***Prepared by***

***Union County TEAMS Charter School  
Finance Department***

***And***

***Barre & Company, CPAs***

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**Christopher D. Cerf, Commissioner of Education  
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***INTRODUCTORY SECTION***



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[www.ucteams.org](http://www.ucteams.org)

September 30, 2013

Board of Trustees  
Union County TEAMS Charter School  
County of Union  
Plainfield, NJ 07060

Enclosed herewith please find the **Comprehensive Annual Financial Report ("CAFR")** of the Union County TEAMS Charter School ("**UCTCS**") for fiscal year 2012-2013.

The **CAFR** includes the Basic Financial Statement of the Charter School, prepared in accordance with Governmental Accounting Standards Board ("**GASB**") Statement 34. The UCTCS Administration utilizes this reporting model because we believe it provides the most useful financial and statistical information appropriate for the operational needs of our managerial structure.

This annual report is designed to provide the taxpayers of Union County with comprehensive operational and financial data in a fairly straightforward presentation that enables a clear understanding of the UCTCS operations, administration and financial affairs. To that end, and to the best of our knowledge and belief, the data presented in this report is accurate in all material aspects, and is reported in a manner that presents fairly the financial position and results of operations of UCTCS.

**The CAFR is presented in four (4) sections as follows:**

1. **The Introductory Section;** which includes a Table of Contents, Letter of Transmittal, List of Principal Officers, and an Organization Chart;
2. **The Financial Section;** which includes the Independent Auditors' Report, the Management's Discussion and Analysis, Basic Financial Statements, Notes Providing a Financial Position and Operations Results Review, and Other Schedules providing budgetary information;

3. **The Statistical Section;** which includes Selected Economic and Demographic Information, Financial Trends, and the Fiscal Capacity of UCTCS;
  
4. **The Single Audit Section;** which confirms that UCTCS is in conformity with the provisions of the Single Audit Act Amendments of 1996, as amended, the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profits Organizations*, and the New Jersey State Office of Management and Budget (OMB) Circular 04-04, *"Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid"*. Information related to this single audit, including the independent auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

### **Charter School Organization**

A Board of Trustees ("Board") comprised of seven appointed members serves as the Governing Body and Policymaker for UCTCS. The Board adopts an annual operating budget, and reviews/approves all expenditures against the adopted budget. This process serves as the method through which the Board exercises its authority and fiscal responsibility for the budgetary allocations and disbursements of taxpayer dollars that fund the school operations.

The Executive Director is the Chief Executive Officer ("CEO") of UCTCS, responsible to the Board for the overall direction and management of the administrative, educational, and support services of the school.

The School Business Administrator is the Chief Financial Officer ("CFO") of the UCTCS, responsible to the Board for all fiscal operational and budget management activities, including purchasing and procurement, issuing warrants in payment of liabilities incurred by UCTCS, acting as custodian of all UCTCS funds, investing idle funds as permitted by NJ law, and maintaining all financial records.

### **Reporting Entity and Its Services**

UCTCS is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards as established by GASB Statement No. 14. All funds and account groups of UCTCS are included in this report. The UCTCS Board of Trustees constitutes the UCTCS reporting entity.

UCTCS provides a full range of educational programs and services appropriate to grade levels Kindergarten through Grade 12. These programs and services include the standard curriculum, special education, basic skills instructions, a gifted and talented protocol and various extra-curricular activities, along with an extended-day after-care program. In concert with our

expanded charter that incorporates Grades 9 thru 12, the school provides a comprehensive high school program specifically focused on college preparatory and leadership courses, while maintaining a “Built Environment” theme that encompasses technology, Engineering, Architecture, Mathematics and Science.

UCTCS completed the 2012-2013 school year with an enrollment of 306 students; average daily enrollment for the year reflected at 303 students, with average daily attendance at the 96% level (291).

### **Economic Condition and Outlook**

NJDOE has implemented a comprehensive Performance Framework that incorporates certain fiscal standards by which all charter schools will be evaluated, the objective of which is to inform NJDOE, the charter school officials, and the general public about school fiscal performance and prospective sustainability. These fiscal standards are categorized as ***Near Term Indicators*** and ***Sustainability Indicators***, with each category being comprised of distinct financial measurements that are quantitative as well as qualitative in assessing the financial health of the charter school.

The ***Near Term Indicators*** of *Current Ratio*, *Unrestricted Days Cash*, *Enrollment Variance* and *Default* show UCTCS as being exemplary in performance, with all areas of measurement exceeding the standards set forth in the Performance Framework. For example, *Current Ratio* exceeds 9.0 against a standard of 1.1; *Actual Enrollment* over three (3) years equals 97% against a standard of 95%; *Unrestricted Days Cash* exceeds 105 against a standard of 60.

The ***Sustainability Indicators*** of *Total Margin*, *Debt to Asset Ratio*, *Cash Flow* and *Debt Service Coverage Ratio* also show UCTCS as being exemplary in performance, with all areas of measurement exceeding the standards set forth in the Performance Framework. For example, *Total Margin* aggregated over a three (3) year period exceeds 10% against a standard of 0.1%; *Debt to Asset Ratio* is less than 0.2% against a standard of 0.9%, and the like.

This favorable performance against Near Term and Sustainability Indicators is projected to repeat and aggregate, primarily because of the UCTCS leadership commitment to continuous improvement and strengthening of fiscal policies and operating practices.

### **Internal Accounting Controls**

The Board of Trustees 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, along with ensuring that adequate accounting data is compiled to allow for the preparation of financial statements in accordance with Generally Accepted Accounting Principles (“GAAP”). The internal control structure is designed to provide reasonable assurances that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived from such control; and (2) the valuation of costs and benefits requires estimates and judgment by management.

As a recipient of Federal and State financial assistance, UCTCS is also responsible for establishing an internal control structure to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by UCTCS management.

As part of the **Single Audit** described herein above, tests are made to assure the adequacy of the internal control structure, including that portion related to Federal and State financial assistance programs, as well as to determine that UCTCS has complied with applicable laws, regulations, regulations, contracts, and grants.

### **Budgetary Controls**

In addition to internal accounting controls, UCTCS maintains budgetary controls. The objective of such budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Compartments of the annual appropriated budget are adopted separately for the General Fund and the Special Revenue Fund. The final budget, as amended for the fiscal year, is reflected in the **Financial Section** of the **CAFR**.

An encumbrance accounting system is used to record outstanding purchase commitments on a departmental expense/ line item basis. Open encumbrances at the end of the fiscal year are either cancelled or are included as re-appropriations of fund balance in the subsequent fiscal year.

### **Cash Management**

State statute, in large part, guides the UCTCS investment policy, as detailed in "Note to the Financial Statement". UCTCS utilizes a cash management protocol which requires it to deposit funds in public depositories that are protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("**GUDPA**").

**GUDPA** was enacted in 1970 to protect Government units from a loss of funds on deposit with a failed banking institution. The law requires governmental units to deposit public funds only in depositories located in New Jersey, where the funds are secured in accordance with the Act.

### **Risk Management**

UCTCS carries various forms of insurance, including but not limited to general liability, workers compensation, officers' errors and omissions, and the like.

**Other Information: Independent Audit**

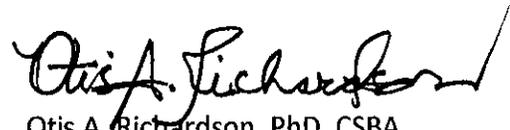
State statutes require an annual audit to be conducted by independent certified public accountants or registered municipal accountants. In accordance with this requirement, the Board of Trustees appointed the accounting firm of Barre & Company, CPAs as independent auditors.

In addition to meeting the requirements set forth in State statutes, the annual audit was designed to meet the requirements of the Single Audit Act of 1984, the Single Audit Act Amendment of 1996, the related OMB Circular A-133 *"Audits of State, Local Governments, and Non-Profit Organizations"*, and New Jersey Circular Letter 04-04 OMB *"Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid"*. The auditor's report on the basic financial statements and specified required supplemental information is included in the **Financial Section** of this report. The auditor's report, related specifically to the single audit is included in the **Single Audit Section** of this report.

On behalf of the citizens and taxpayers of Union County and the State of New Jersey, we would like to acknowledge the commitment of the UCTCS Board of Trustees towards continued development and implantation of sound managerial policy and fiscal accountability for the charter school, and to express appreciation for their support of the on-going development and management of its educational programs and financial operations.

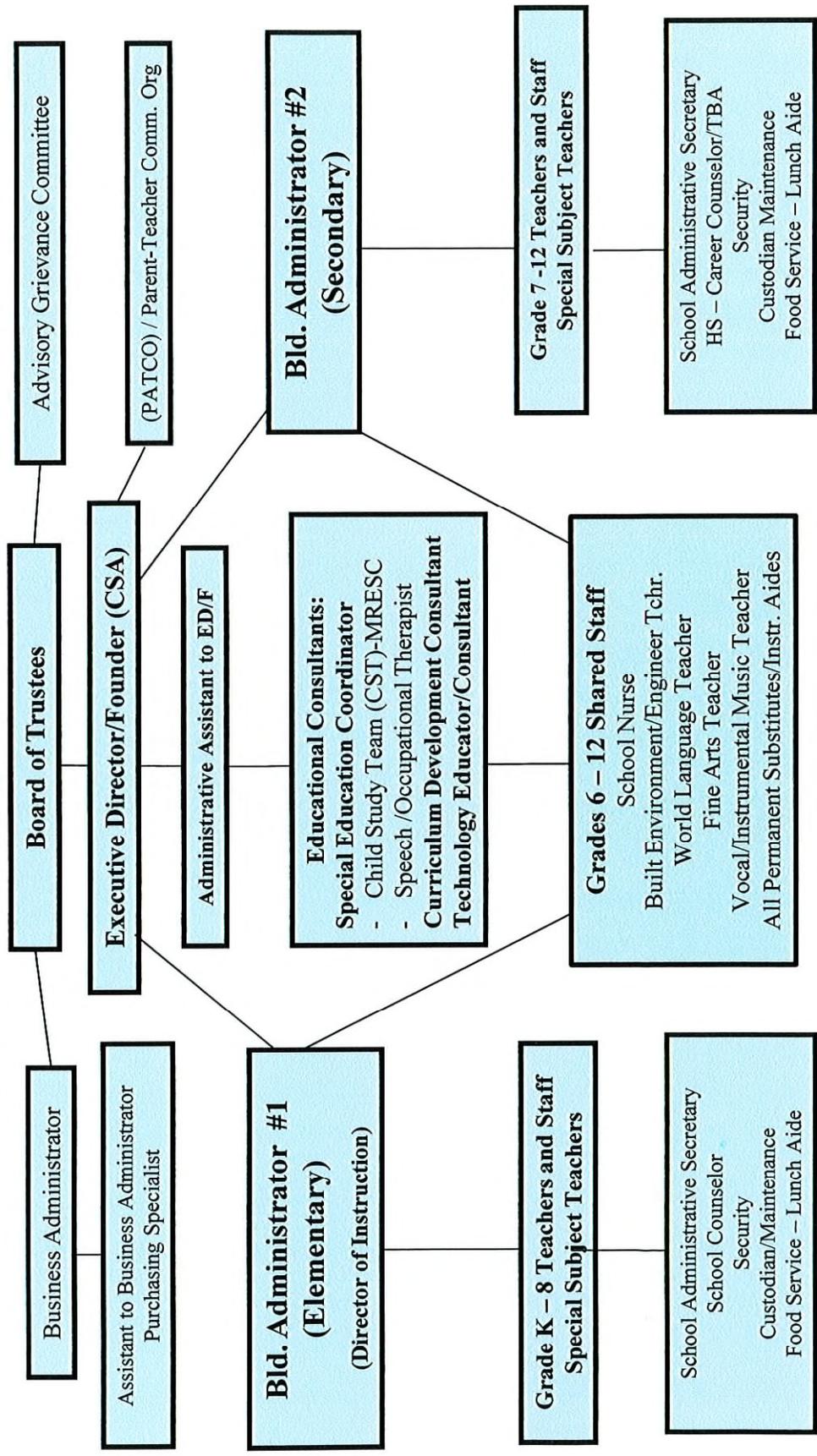


Sheila L. Thorpe  
Executive Director



Otis A. Richardson, PhD, CSBA  
School Business Administrator

**The Union County TEAMS Charter School  
High School/College Leadership Academy K – 12 (2012 - 2013 )**



Grade Current # of Students Certification	K	1	2	3	4	5	6	7	8	9	10	11	12
	20	19	20	16	20	19	36	31	40	39	14	13	18
	K – 5 -----												
	K – 8 / K – 5 w/MS Subject												
	Subject Area Specific ( K – 12)												
	Total 305												

**UNION COUNTY TEAMS CHARTER SCHOOL  
PLAINFIELD, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2013**

**MEMBERS OF THE BOARD OF TRUSTEES**

Clarence Beverly, President

Reggie Bernard Piggee, Vice President

Pamela Babik, Member

Aisha K. Lawrey, Member

Jerald Lee, Member

Norma Fair-Brown, PhD, Member

**OTHER OFFICIALS**

Sheila L. Thorpe, Executive Director

Otis A. Richardson, PhD, School Business Administrator

Emma Johnson, Treasurer

**UNION COUNTY TEAMS CHARTER SCHOOL  
PLAINFIELD, NEW JERSEY**

**CONSULTANTS AND ADVISORS**

***Audit Firm***

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

***Attorney***

Victor E.D. King  
435 West 7<sup>th</sup> Street  
Plainfield, NJ 07060

***Official Depository***

PNC Bank  
P.O. Box 6000  
Bridgewater, NJ 08807

***FINANCIAL SECTION***

**BARRE & COMPANY**  
**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

*2204 Morris Avenue, Suite 206*

*Union, New Jersey 07083*

*(908) 686-3484*

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**Independent Auditor's Report**

Honorable President  
Members of the Board of Trustees  
Union County TEAMS Charter School  
County of Union  
Plainfield, New Jersey

**Report on the Financial Statements**

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 Union County TEAMS Charter School (Charter School), in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of

the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Union County TEAMS Charter School, in the County of Union, State of New Jersey, as of June 30, 2013, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information starting on pages 15 and 59 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying supplementary information such as the combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance, as required by U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit

*Organizations,*” and New Jersey OMB’s Circular 04-04, “*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid,*” respectively; and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records use to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2013 on our consideration of the Union County TEAMS Charter School’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School’s internal control over financial reporting and compliance.



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

September 30, 2013

***REQUIRED SUPPLEMENTARY INFORMATION – PART I***

**UNION COUNTY TEAMS CHARTER SCHOOL  
PLAINFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

The discussion and analysis of Union County TEAMS Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 — *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (-2013) and the prior year (-) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for 2013 are as follows:

- ❖ General revenues accounted for \$4,551,085 in revenue or 95% percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$245,826 or 5% percent of total revenues of \$4,796,911.
- ❖ The Charter School had \$4,546,574 in expenses; only \$245,826 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$4,551,085 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$4,365,554 in revenues and \$4,115,217 in expenditures. The General Fund's fund balance increased \$250,337. This increase was anticipated by the Board of Trustees.

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

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

**UNION COUNTY TEAMS CHARTER SCHOOL  
PLAINFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**(CONTINUED)**

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

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

**Reporting the Charter School as a Whole**

**Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2013?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

**UNION COUNTY TEAMS CHARTER SCHOOL  
PLAINFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**(CONTINUED)**

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

- ❖ Business-Type Activities — These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service and After-School program funds are reported as a business activity.

**Reporting the Charter School's Most Significant Funds**

**Fund Financial Statements**

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

**Governmental Funds**

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

**Proprietary Fund**

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

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the basic financial statements can be found starting on page 37 of this report.

**UNION COUNTY TEAMS CHARTER SCHOOL  
PLAINFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**(CONTINUED)**

**The Charter School as a Whole**

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

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

The Charter School's combined net position were \$1,080,706 for June 30, 2013.

**Governmental Activities**

The Charter School's total revenues were \$4,594,619 for 2013 and \$4,066,457 for , this includes \$57,385 for 2013 and \$66,381 for of state reimbursed TPAF social security contributions.

The total cost of all program and services were \$4,344,282 for 2013 and \$3,581,002 for . Instruction comprises 56% of the Charter School expenditures for 2013 and 54% for .

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

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

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

Capital Outlay represents instructional and/or non-instructional equipment purchased and is capitalized when such equipment is over the \$2,000 threshold.

**UNION COUNTY TEAMS CHARTER SCHOOL  
PLAINFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**(CONTINUED)**

**Business-Type Activities**

Revenues for the Charter School's business-type activities (food service program and after school program) were comprised of charges for services and federal and state reimbursements.

**Food Service**

- ❖ Food service expenditures equaled revenues for 2013 and expenditures exceeded revenues by \$4,623 for .
- ❖ Charges for services represent \$14,796 for 2013 and \$21,336 for of revenue. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfasts were \$90,974 for 2013 and \$99,408 for .

**After School Program**

- ❖ Expenses equaled revenues for 2013 and expenses exceeded revenues by \$13,192 for 2012.
- ❖ Charges for services represent \$33,308 for 2013 and \$30,637 for 2012. This represents amounts paid by parents for the children who attend UCTCS.

**UNION COUNTY TEAMS CHARTER SCHOOL  
PLAINFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**(CONTINUED)**

**The Charter School's Funds**

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$4,594,619 and expenditures were \$4,344,282. This year the net change in fund balance was most significant in the general fund, an increase of \$250,337 for 2013 and an increase of \$438,155 for .

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2013.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2012</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 788,970	17.17%	\$ 91,210	13.07%
State Sources	3,576,584	77.84%	360,751	11.22%
Federal Sources	<u>229,065</u>	<u>4.99%</u>	<u>76,201</u>	49.85%
 Total	 <u><u>\$ 4,594,619</u></u>	 <u><u>100.00%</u></u>	 <u><u>\$ 528,162</u></u>	

The following schedule represents a summary of the governmental funds expenditures for the fiscal year ended June 30, 2013.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2012</u>	<u>Percent of Increase/ (Decrease)</u>
Instruction	\$ 2,057,842	47.36%	\$ 480,775	30.49%
Administration	1,510,746	34.78%	177,043	13.27%
Support Services	<u>775,694</u>	<u>17.86%</u>	<u>58,162</u>	8.11%
 Total	 <u><u>\$ 4,344,282</u></u>	 <u><u>100.00%</u></u>	 <u><u>\$ 715,980</u></u>	

**UNION COUNTY TEAMS CHARTER SCHOOL  
PLAINFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**(CONTINUED)**

**General Fund Budgeting Highlights**

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

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

**Capital Assets (Net of Depreciation)**

At the end of the fiscal year June 30, 2013, the Charter School did not have any investments in fixed assets.

**For the Future**

The Union County TEAMS Charter School is in good financial condition presently. The Charter School is proud of its community support. A major concern is the continued enrollment growth of the Charter School with the increased reliance on federal and state funding.

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

**Contacting the Charter School's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Dr. Otis Richardson, School Business Administrator/Board Secretary at Union County TEAMS Charter School, 515-517 West 4th Street, Plainfield, New Jersey 07060-4225.

***BASIC FINANCIAL STATEMENTS***

**SECTION A – CHARTER SCHOOL – WIDE FINANCIAL STATEMENTS**

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

**UNION COUNTY TEAMS CHARTER SCHOOL**  
Statement of Net Position  
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,191,539	\$ 362	\$ 1,191,901
Interfund Receivables		27,850	27,850
Receivables	21,120	27,366	48,486
Prepaid Expenses	38,398		38,398
	<u>1,251,057</u>	<u>55,578</u>	<u>1,306,635</u>
<b>LIABILITIES:</b>			
Accounts Payable	20,098	30,499	50,597
Interfund Payable	12,186		12,186
Payable to State Government	163,146		163,146
	<u>195,430</u>	<u>30,499</u>	<u>225,929</u>
<b>NET POSITION:</b>			
Unrestricted	<u>1,055,627</u>	<u>25,079</u>	<u>1,080,706</u>
	<u>\$ 1,055,627</u>	<u>\$ 25,079</u>	<u>\$ 1,080,706</u>

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

**UNION COUNTY TEAMS CHARTER SCHOOL**  
 Statement of Activities  
 For The Fiscal Year Ended June 30, 2013

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES:</b>								
Instruction	\$ 2,057,842	\$ 373,536	\$ -	\$ 106,748	\$ -	\$ (2,324,630)	\$ -	\$ (2,324,630)
Administration	968,392	168,818				(1,137,210)		(1,137,210)
Support Services	775,694					(775,694)		(775,694)
Total Governmental Activities	3,801,928	\$ 542,354	-	106,748	-	(4,237,534)	-	(4,237,534)
<b>BUSINESS-TYPE ACTIVITIES:</b>								
Food Service and After School	202,292		48,104	90,974	-	-	(63,214)	(63,214)
Total Business-Type Activities	202,292		48,104	90,974	-	-	(63,214)	(63,214)
Total Primary Government	\$ 4,004,220		\$ 48,104	\$ 197,722	\$ -	\$ (4,237,534)	\$ (63,214)	\$ (4,300,748)
<b>GENERAL REVENUES</b>								
General Purposes			\$	787,521	\$	-	\$	787,521
Federal and State Aid Not Restricted				3,698,901				3,698,901
Investment Earnings				1,404				1,404
Miscellaneous Income				45		63,214		63,259
Total General Revenues				4,487,871		63,214		4,551,085
Change in Net Position				250,337		-		250,337
Net Position - Beginning				805,290		25,079		830,369
Net Position - Ending				\$ 1,055,627		\$ 25,079		\$ 1,080,706

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

**SECTION B – FUND FINANCIAL STATEMENTS**

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

***GOVERNMENTAL FUNDS***

**UNION COUNTY TEAMS CHARTER SCHOOL**

Governmental Funds

Balance Sheet

June 30, 2013

	General Fund	Special Revenue Fund	Total
<b>ASSETS:</b>			
Cash	\$ 1,191,539	\$ -	\$ 1,191,539
Receivables From Other Governments	8,982	12,138	21,120
Other Current Assets	32,283		32,283
Prepaid Insurance	6,115		6,115
<b>Total Assets</b>	<b>\$ 1,238,919</b>	<b>\$ 12,138</b>	<b>\$ 1,251,057</b>
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Interfund Payables	\$ 48	\$ 12,138	\$ 12,186
Payable to State Government	163,146		163,146
Accounts Payable	20,098		20,098
<b>Total Liabilities</b>	<b>183,292</b>	<b>12,138</b>	<b>195,430</b>
Fund Balances:			
Unreserved:			
General Fund	1,055,627	-	1,055,627
<b>Total Fund Balances</b>	<b>1,055,627</b>	<b>-</b>	<b>1,055,627</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,238,919</b>	<b>\$ 12,138</b>	

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

Net Position of Governmental Activities

	-
	<b>\$ 1,055,627</b>

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

**UNION COUNTY TEAMS CHARTER SCHOOL**  
 Governmental Funds  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 For The Fiscal Year Ended June 30, 2013

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	787,521	\$ -	\$ 787,521
Interest on Investments	1,404		1,404
Miscellaneous	45		45
Total Local Sources	788,970		788,970
State Sources	3,576,584		3,576,584
Federal Sources		229,065	229,065
Total Revenues	4,365,554	229,065	4,594,619
EXPENDITURES:			
Instruction	1,852,288	205,554	2,057,842
Administration	1,510,746		1,510,746
Support Services	752,183	23,511	775,694
Total Expenditures	4,115,217	229,065	4,344,282
NET CHANGE IN FUND BALANCES	250,337	-	250,337
FUND BALANCE, JULY 1	805,290	-	805,290
FUND BALANCE, JUNE 30	<u>\$ 1,055,627</u>	<u>\$ -</u>	<u>\$ 1,055,627</u>

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

**UNION COUNTY TEAMS 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, 2013

Total net change in fund balances - governmental fund (from B-2)	\$ 250,337
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	<u>-</u>
Change in net position of governmental activities	<u><u>\$ 250,337</u></u>

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

***PROPRIETARY FUNDS***

**UNION COUNTY TEAMS CHARTER SCHOOL**  
 Proprietary Funds  
 Combining Statement of Fund Net Position  
 June 30, 2013

	Business-Type Activities Enterprise Funds		Total
	Food Service	After School Program	
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 362	\$ -	\$ 362
Receivables:			
Interfund Accounts Receivable	27,718	132	27,850
Intergovernmental Accounts Receivable:			
Federal	26,855		26,855
State	511		511
<b>Total Assets</b>	<b><u>\$ 55,446</u></b>	<b><u>\$ 132</u></b>	<b><u>\$ 55,578</u></b>
<b>LIABILITIES AND NET POSITION:</b>			
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ 30,499	\$ -	\$ 30,499
<b>Total Liabilities</b>	<b><u>30,499</u></b>	<b><u>-</u></b>	<b><u>30,499</u></b>
<b>NET POSITION:</b>			
Unreserved	24,947	132	25,079
<b>Total Net Position</b>	<b><u>24,947</u></b>	<b><u>132</u></b>	<b><u>25,079</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 55,446</u></b>	<b><u>\$ 132</u></b>	<b><u>\$ 55,578</u></b>

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

**UNION COUNTY TEAMS CHARTER SCHOOL**  
 Proprietary Funds  
 Combining Statement of Revenues, Expenses, and Changes in Net Position  
 For The Fiscal Year Ended June 30, 2013

	Business-Type Activities Enterprise Funds		Total
	Food Service	After School Program	
<b>OPERATING REVENUES:</b>			
Charges for Services:			
Daily Sales Reimbursable Program	\$ 14,796	\$ -	\$ 14,796
Daily Sales Non-reimbursable Program		33,308	33,308
<b>Total Operating Revenues</b>	<b>14,796</b>	<b>33,308</b>	<b>48,104</b>
<b>OPERATING EXPENSES:</b>			
Salaries		45,222	45,222
Cost of Sales	156,587		156,587
Supplies and Materials		349	349
Miscellaneous Expenditures	132	2	134
<b>Total Operating Expenses</b>	<b>156,719</b>	<b>45,573</b>	<b>202,292</b>
<b>OPERATING (LOSS)</b>	<b>(141,923)</b>	<b>(12,265)</b>	<b>(154,188)</b>
<b>NONOPERATING REVENUES:</b>			
State Sources:			
State School Lunch Program	1,767		1,767
Federal Sources:			
National School Lunch Program	76,634		76,634
National School Breakfast Program	10,455		10,455
National School Snack Program	2,118		2,118
Board Contributions	50,949	12,265	63,214
<b>Total Nonoperating Revenues</b>	<b>141,923</b>	<b>12,265</b>	<b>154,188</b>
<b>CHANGE IN NET POSITION</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL NET POSITION, JULY 1</b>	<b>24,947</b>	<b>132</b>	<b>25,079</b>
<b>TOTAL NET POSITION, JUNE 30</b>	<b>\$ 24,947</b>	<b>\$ 132</b>	<b>\$ 25,079</b>

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

**UNION COUNTY TEAMS CHARTER SCHOOL**  
Proprietary Fund  
Combining Statement of Cash Flows  
For The Fiscal Year Ended June 30, 2013

	Business-Type Activities Enterprise Funds		
	Food Service	After School Program	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received from Customers	\$ 14,796	\$ 33,308	\$ 48,104
Cash Payments to Suppliers and Employees	(168,183)	(45,705)	(213,888)
Net Cash (Used By) Operating Activities	<u>(153,387)</u>	<u>(12,397)</u>	<u>(165,784)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Cash Received from State and Federal Reimbursements	90,974		90,974
Operating Transfers In	50,949	12,265	63,214
Net Cash Provided by Noncapital Financing Activities	<u>141,923</u>	<u>12,265</u>	<u>154,188</u>
Net Increase (Decrease) in Cash	(11,464)	(132)	(11,596)
Cash, July 1	11,826	132	11,958
Cash, June 30	<u>\$ 362</u>	<u>\$ -</u>	<u>\$ 362</u>
<b>Reconciliation of Operating Loss to Net Cash Used by:</b>			
Operating Activities:			
Operating (Loss) Used for Operating Activities	\$ (141,923)	\$ (12,265)	\$ (154,188)
Changes in Assets and Liabilities:			
(Increase) in Interfund Accounts Receivable		(132)	(132)
(Increase) in Intergovernmental Accounts Receivable	(2,745)		(2,745)
Increase (Decrease) in Interfund Accounts	(39,218)		(39,218)
Increase in Accounts Payable	30,499		30,499
Net Cash Used by Operating Activities	<u>\$ (153,387)</u>	<u>\$ (12,397)</u>	<u>\$ (165,784)</u>

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

***FIDUCIARY FUNDS***

**UNION COUNTY TEAMS CHARTER SCHOOL**  
 Fiduciary Funds  
 Statement of Fiduciary Net Position  
 June 30, 2013

	Payroll Agency	Net Payroll	Agency Fund
<b>ASSETS:</b>			
Cash	\$ 38,582	\$ 1,923	\$ 40,505
Total Assets	\$ 38,582	\$ 1,923	\$ 40,505
<b>LIABILITIES:</b>			
Liabilities:			
Interfund Accounts Payable	\$ 13,741	\$ 1,923	\$ 15,664
Benefits Payable	24,841		24,841
Total Liabilities	\$ 38,582	\$ 1,923	\$ 40,505

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

***NOTES TO THE FINANCIAL STATEMENTS***

**UNION COUNTY TEAMS CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

The financial statements of the Union County TEAMS Charter School have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the accounting standard-setting body responsible for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Charter School are described below.

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

Starting on fiscal year ended June 30, 2013, the Charter School implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 identifies net position, rather than net position, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Charter School's June 30, 2013 fiscal year financial statements; however, there was no effect on beginning net position/fund balance.

**A. Reporting Entity**

The Charter School is an instrument of the State of New Jersey, established to function as an educational institution. Its mission is to establish a character school to serve as a neighborhood resource and as a model for other similar schools. The Union County TEAMS Charter School is committed to achieving the New Jersey Core Curriculum Content Standards and producing high academic achievement by all students. The Charter School will integrate a holistic curriculum, utilize learner center techniques, family and care giver centered approaches, comprehensive community involvement, cutting edge technology and an intimate nurturing environment that will enhance positive self-images.

**UNION COUNTY TEAMS CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

**Reporting Entity (Continued)**

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB's Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School management. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the Charter School.

**B. Basis of Presentation**

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

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

The statement of net position presents the financial condition of the governmental and business-type activity of the Charter School at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

**UNION COUNTY TEAMS CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

**Basis of Presentation (Continued)**

Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the Charter School.

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

The Charter School reports the following governmental funds:

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

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

**UNION COUNTY TEAMS CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

**Basis of Presentation (Continued)**

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

Capital Projects Fund: Not Applicable

Debt Service Fund: Not applicable.

The Charter School reports the following proprietary fund:

Enterprise (Food Service and After School Program) Funds: The enterprise fund accounts for all revenues and expenses pertaining to the cafeteria operations and the after school program. The food service and the after school program funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the Charter School reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the Charter School on behalf of others and includes the Net Payroll Account.

**C. Basis of Accounting – Measurement Focus**

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

*Charter School – wide, Proprietary, and Fiduciary Fund Financial Statements*: The financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of

**UNION COUNTY TEAMS CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

**Basis of Accounting – Measurement (Continued)**

deferred revenue, and in the presentation of expenses versus expenditures. The Charter School is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an “accounts receivable”. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

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

**D. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. Budgets are prepared using the modified accrual basis of accounting except for special revenue funds. 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 budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

**UNION COUNTY TEAMS CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

**Budgets/Budgetary Control (Continued)**

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year.

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

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

The following presents a reconciliation of the Special Revenue Funds from the budgetary basis of accounting to the GAAP basis of accounting:

Total Revenues & Expenditures (Budgetary Basis)	\$ 229,065
Adjustments:	
Less Encumbrances at June 30,2013	-
Plus Encumbrances at June 30,2012	-
Total Revenues and Expenditures (GAAP Basis)	\$ 229,065

**E. Encumbrances Accounting**

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

**UNION COUNTY TEAMS CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

**E. Encumbrances Accounting (Continued)**

expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

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

**F. Assets, Liabilities, and Equity**

**Interfund Transactions:**

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

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

**Inventories:**

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

**Allowance for Uncollectible Accounts:**

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

**UNION COUNTY TEAMS CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

**Assets, Liabilities, and Equity (Continued)**

Capital Assets:

The Charter School has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Charter School does not possess any infrastructure. The capitalization threshold used by Charter Schools in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Office & Computer Equipment	5-10

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

Deferred Revenue:

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

Accrued Liabilities and Long-term Obligations:

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

**UNION COUNTY TEAMS CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

**Assets, Liabilities, and Equity (Continued)**

Net Position:

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

Fund Balance Reserves:

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

Revenues — Exchange and Nonexchange Transactions:

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

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

**UNION COUNTY TEAMS CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

**Assets, Liabilities, and Equity (Continued)**

year when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from non-exchange 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 yearend: property taxes available as an advance, interest, and tuition.

**Operating Revenues and Expenses:**

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the Charter School, these revenues are sales for food service and fees charged for after-care services. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

**Allocation of Indirect Expenses:**

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

**Extraordinary and Special Items:**

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

**UNION COUNTY TEAMS CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

**Assets, Liabilities, and Equity (Continued)**

Management Estimates:

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

Accrued Salaries and Wages:

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

**NOTE 2: CASH AND CASH EQUIVALENTS**

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

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

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

**UNION COUNTY TEAMS CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

**Deposits**

New Jersey statutes require that charter schools deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Charter schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

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

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

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

**Investments**

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

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

**UNION COUNTY TEAMS CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

**Investments (Continued)**

As of June 30, 2013, cash and cash equivalents and investments of the District consisted of the following:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Proprietary Fund</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Operating Account	<u>\$ 1,191,539</u>	<u>\$ -</u>	<u>\$ 362</u>	<u>\$ 40,505</u>	<u>\$ 1,232,406</u>

The investments recorded in the statements have been recorded at amortized cost. In accordance with GASB 31, participating interest earning investment contracts that have a remaining maturity at the time of purchase of one year or less may be reported at amortized cost. For those securities purchased more than one year from the maturity date, the difference between the carrying amount and market value is not material to the Charter school-wide statements. The carrying amount of the Board's cash and cash equivalents at June 30, 2013 was \$1,232,406 and the bank balance was \$1,340,838. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes.

**Risk Category**

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

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

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

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

As of June 30, 2013, the Board had funds invested and on deposit in checking accounts. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 3 and are classified as Category 1, both at year-end and throughout the year.

**UNION COUNTY TEAMS CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

**New Jersey Cash Management Fund**

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

As of June 30, 2013, the Charter school had no funds on deposit with the New Jersey Cash Management Fund.

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2013 consisted of accounts, intergovernmental, grants, and miscellaneous.

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

	Governmental Fund Financial Statements	Governmental Wide Financial Statements
State Aid	\$ -	\$ 511
Federal Aid	12,138	38,993
Other	8,982	8,982
Gross Receivables	<u>21,120</u>	<u>48,486</u>
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u><u>\$ 21,120</u></u>	<u><u>\$ 48,486</u></u>

**UNION COUNTY TEAMS CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 4: INTERFUND TRANSFERS AND BALANCES**

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

The following interfund balances remained on the fund financial statements at June 30, 2013:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ -	\$ 48
Special Revenue Fund		12,138
Proprietary Fund	27,850	
Fiduciary Fund		15,664
	\$ 27,850	\$ 27,850
Total	\$ 27,850	\$ 27,850

**NOTE 5: CAPITAL ASSETS**

There were no capital assets for the fiscal year ended June 30, 2013.

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

There was no depreciation expense for the year ending June 30, 2013.

**UNION COUNTY TEAMS CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 6: RENTAL LEASE**

The Charter School is currently in a lease agreement for classroom and office space with Shiloh Baptist Church for the facilities located at 515-517 West 4th Street, Plainfield, New Jersey. The lease requires a security deposit of \$20,000. Lease payments for the year amounted to \$511,089. A new three (3) year lease was entered into on June 30, 2011 commencing July 1, 2011 and ending on June 30, 2014 for a base annual rental of \$429,329.

The Charter School entered into another lease with Saint Mary's Church for facilities located at 501-513 West Sixth Street, Plainfield, New Jersey. The lease is for the period September 1, 2013 to June 30, 2014 at a monthly rental of \$12,283. The lease can be renewed from July 1, 2014 to June 30, 2019. A security deposit was deposited with the landlord in the amount of \$12,283.

**NOTE 7: PENSION PLANS**

**Description of Plans**

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

**Teachers' Pension and Annuity Fund (TPAF)**

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New

**UNION COUNTY TEAMS CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 7: PENSION PLANS (Continued)**

Jersey on behalf of the School and the system's other related noncontributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Public Employees' Retirement System (PERS)**

The Public Employees' Retirement System was established as of January 1, 1955 under the provisions of N.J.S.A. 43:1 5A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

**Vesting and Benefit Provisions**

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

**UNION COUNTY TEAMS CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 7: PENSION PLANS (Continued)**

**Significant Legislation**

Legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of one percent to 4.5 percent for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Charter Schools' normal contributions to the Fund may be reduced based on the revaluation of assets. From fiscal year 1997 to fiscal year 2003, State and local government employers were not required to make contributions to the pension funds. The use of surplus pension assets replaced the annual payments that would otherwise have been made by employers. Subsequent law, P.L.2003, c.108, led to the resumption of contributions, on a phased-in approach. In 2009, employer contributions to PERS were further amended by P.L.2009, c.19.

**Contribution Requirements**

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.64% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the School is a noncontributing employer of TPAF.

**UNION COUNTY TEAMS CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 7: PENSION PLANS (Continued)**

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2013	\$33,680	100%	\$33,680
6/30/2012	\$15,934	100%	\$15,934
6/30/2011	\$16,804	100%	\$16,804

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2013	\$143,452	100%	\$143,452
6/30/2012	\$90,706	100%	\$90,706
6/30/2011	\$49,834	100%	\$49,834

**NOTE 8: POST-RETIREMENT BENEFITS**

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2012 there were 97,661 retirees receiving 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 \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

**UNION COUNTY TEAMS CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 9: RISK MANAGEMENT**

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

**Property and Liability Insurance**

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

**NOTE 10: FUND BALANCE APPROPRIATED**

**General Fund**

The General Fund fund balance of \$1,055,627 in the fund financial statements at June 30, 2013 is unreserved and undesignated.

***REQUIRED SUPPLEMENTARY INFORMATION – PART II***

***SECTION C – BUDGETARY COMPARISON SCHEDULES***

**UNION COUNTY TEAMS CHARTER SCHOOL**  
General Fund  
Budgetary Comparison Schedule  
For The Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>					
Local Sources:					
"Local Levy" Local Share-Charter School Aid	\$ -	\$ 787,521	\$ 787,521	\$ 787,521	\$ -
<b>Total Local Sources</b>	<b>-</b>	<b>787,521</b>	<b>787,521</b>	<b>787,521</b>	<b>-</b>
Categorical Aid:					
"Local Levy" State Share-Charter School Aid	4,046,685	(943,943)	3,102,742	3,102,742	-
Special Education	108,582	(1,834)	106,748	106,748	-
Security Aid	98,365	-	98,365	98,365	-
Non-Public Aid	67,892	-	67,892	67,892	-
<b>Total Categorical Aid</b>	<b>4,321,524</b>	<b>(945,777)</b>	<b>3,375,747</b>	<b>3,375,747</b>	<b>-</b>
Other Sources:					
Interest Income				1,404	1,404
Miscellaneous Revenue				45	45
On-Behalf TPAF Pension Contributions (Non-Budgeted)				143,452	143,452
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				57,385	57,385
<b>Total Other Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>202,286</b>	<b>202,286</b>
<b>Total Revenues</b>	<b>4,321,524</b>	<b>(158,256)</b>	<b>4,163,268</b>	<b>4,365,554</b>	<b>202,286</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	1,390,856	41,308	1,432,164	1,249,181	182,983
Purchased Prof/Tech Services	144,200	24,903	169,103	147,474	21,629
Other Purchased Services	57,000	85,422	142,422	127,977	14,445
General Supplies	180,000	186,930	366,930	257,491	109,439
Textbooks	60,000		60,000	57,529	2,471
Miscellaneous	9,000	8,000	17,000	12,636	4,364
<b>Total Instruction</b>	<b>1,841,056</b>	<b>346,563</b>	<b>2,187,619</b>	<b>1,852,288</b>	<b>335,331</b>
Administration:					
Salaries of Principals	381,338	19,067	400,405	307,986	92,419
Salaries of Other Professional Staff	127,357	9,384	136,741	127,939	8,802
Salaries of Secretarial/Clerical Assistants	131,808	(3,171)	128,637	128,637	-
Total Benefits Cost	520,905	(56,890)	464,015	344,374	119,641
Other Purchased Professional Services	286,279	11,458	297,737	278,102	19,635
Other Purchased Services	76,998	12,394	89,392	65,713	23,679
Communications/Telephone	13,500	500	14,000	7,164	6,836
Supplies and Materials	21,400	20,000	41,400	32,094	9,306
Miscellaneous Expenses	8,600	13,302	21,902	17,900	4,002
<b>Total Administration</b>	<b>1,568,185</b>	<b>26,044</b>	<b>1,594,229</b>	<b>1,309,909</b>	<b>284,320</b>

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

**UNION COUNTY TEAMS CHARTER SCHOOL**  
General Fund  
Budgetary Comparison Schedule  
For The Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
(Continued From Prior Page)					
Support Services:					
Rental of Land and Buildings	\$ 729,329	\$ (62,895)	\$ 666,434	\$ 511,089	\$ 155,345
Transportation-Other Than To/From School	40,000	2,196	42,196	40,833	1,363
Insurance for Property, Liability and Fidelity	53,000	2,022	55,022	36,767	18,255
Supplies and Materials	20,500	4,000	24,500	21,521	2,979
Energy Costs (Heat and Electricity)	20,000		20,000	9,231	10,769
Miscellaneous Expenses	78,901	(3,000)	75,901	69,528	6,373
Board Contributions				63,214	(63,214)
<b>Total Support Services</b>	<u>941,730</u>	<u>(57,677)</u>	<u>884,053</u>	<u>752,183</u>	<u>131,870</u>
On-Behalf TPAF Pension Contributions (Non-Budgeted)				143,452	(143,452)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				57,385	(57,385)
<b>Total Expenditures</b>	<u>4,350,971</u>	<u>314,930</u>	<u>4,665,901</u>	<u>4,115,217</u>	<u>550,684</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,447)	(473,186)	(502,633)	250,337	752,970
<b>FUND BALANCE, JULY 1</b>	<u>805,290</u>		<u>805,290</u>	<u>805,290</u>	<u>-</u>
<b>FUND BALANCE, JUNE 30</b>	<u>\$ 775,843</u>	<u>\$ (473,186)</u>	<u>\$ 302,657</u>	<u>\$ 1,055,627</u>	<u>\$ 752,970</u>
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures: Budgeted Fund Balance	<u>\$ 775,843</u>	<u>\$ (473,186)</u>	<u>\$ 302,657</u>	<u>\$ 1,055,627</u>	<u>\$ 752,970</u>
<b>Total</b>	<u>\$ 775,843</u>	<u>\$ (473,186)</u>	<u>\$ 302,657</u>	<u>\$ 1,055,627</u>	<u>\$ 752,970</u>

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

**UNION COUNTY TEAMS CHARTER SCHOOL**  
Special Revenue Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Federal	\$ 229,065	\$ -	\$ 229,065	\$ 229,065	\$ -
Total Revenues	<u>229,065</u>	<u>-</u>	<u>229,065</u>	<u>229,065</u>	<u>-</u>
EXPENDITURES:					
Instruction:					
Salaries	191,096	-	191,096	191,096	-
General Supplies	14,458	-	14,458	14,458	-
Total Instruction	<u>205,554</u>	<u>-</u>	<u>205,554</u>	<u>205,554</u>	<u>-</u>
Support Services:			-		
Personal Services - Employee Benefits	22,833	-	22,833	22,833	-
Supplies and Materials	678	-	678	678	-
Total Support Services	<u>23,511</u>	<u>-</u>	<u>23,511</u>	<u>23,511</u>	<u>-</u>
Total Expenditures	<u>229,065</u>	<u>-</u>	<u>229,065</u>	<u>229,065</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

***NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION***



***OTHER SUPPLEMENTARY INFORMATION***

**SECTION E – SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

*The Special Revenue Fund is used to account for the proceeds of specific sources (other than expandable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.*

**UNION COUNTY TEAMS CHARTER SCHOOL**

E-1

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis

For the Fiscal Year Ended June 30, 2013

	Title I	Title II Part A	I.D.E.A. Part B	Grand Total
<b>REVENUE SOURCES:</b>				
Federal	\$ 167,694	\$ 678	\$ 60,693	\$ 229,065
Total Revenues	<u>167,694</u>	<u>678</u>	<u>60,693</u>	<u>229,065</u>
<b>EXPENDITURES:</b>				
Instruction:				
Salaries	136,422		54,674	191,096
General Supplies	14,458			14,458
Total Instruction	<u>150,880</u>	<u>-</u>	<u>54,674</u>	<u>205,554</u>
Support Services:				
Personal Services - Employee Benefits	16,814		6,019	22,833
Supplies and Materials		678		678
Total Support Services	<u>16,814</u>	<u>678</u>	<u>6,019</u>	<u>23,511</u>
Total Expenditures	<u>167,694</u>	<u>678</u>	<u>60,693</u>	<u>229,065</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SECTION G – PROPRIETARY FUND  
DETAIL STATEMENTS**

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

*Food Services Fund – The fund provides for the operation of food services in all schools within the school district.*

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

**SECTION H – FIDUCIARY FUNDS  
DETAIL STATEMENTS**

*Fiduciary Funds are used to account for funds received by the school for a specific purpose.*

*Unemployment Insurance Compensation Trust Fund – This expendable trust fund is used to account for deductions from employee’s salaries which are utilized to pay unemployment compensation claims as they arise.*

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

*Student Activity Fund – This agency fund is used to account for student funds held at the schools.*

*Payroll Fund – this agency fund is used to account for payroll transactions of the school district.*

**UNION COUNTY TEAMS CHARTER SCHOOL**  
 Fiduciary Funds  
 Combining Statement of Fiduciary Net Position  
 June 30, 2013

	<u>Payroll Agency</u>	<u>Net Payroll</u>	<u>Total Agency Fund</u>
<b>ASSETS:</b>			
Cash	<u>\$ 38,582</u>	<u>\$ 1,923</u>	<u>\$ 40,505</u>
Total Assets	<u><u>\$ 38,582</u></u>	<u><u>\$ 1,923</u></u>	<u><u>\$ 40,505</u></u>
<b>LIABILITIES:</b>			
Interfund Accounts Payable	\$ 13,741	\$ 1,923	\$ 15,664
Benefits Payable	<u>24,841</u>	<u>          </u>	<u>24,841</u>
Total Liabilities	<u><u>\$ 38,582</u></u>	<u><u>\$ 1,923</u></u>	<u><u>\$ 40,505</u></u>

**UNION COUNTY TEAMS CHARTER SCHOOL**  
 Fiduciary Funds  
 Payroll Agency Fund  
 Schedule of Receipts and Disbursements  
 For The Fiscal Year Ended June 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	<u>\$ 9,720</u>	<u>\$ 731,701</u>	<u>\$ 702,839</u>	<u>\$ 38,582</u>
Total Assets	<u><u>\$ 9,720</u></u>	<u><u>\$ 731,701</u></u>	<u><u>\$ 702,839</u></u>	<u><u>\$ 38,582</u></u>
<b>LIABILITIES:</b>				
Interfund Payable	<u>\$ 9,720</u>	<u>\$ 4,021</u>	<u>\$ -</u>	<u>\$ 13,741</u>
Benefits Payable		<u>727,680</u>	<u>702,839</u>	<u>24,841</u>
Total Liabilities	<u><u>\$ 9,720</u></u>	<u><u>\$ 731,701</u></u>	<u><u>\$ 702,839</u></u>	<u><u>\$ 38,582</u></u>

**STATISTICAL SECTION**

**(UNAUDITED)**

***Union County TEAMS Charter School has been in operation for eight (8) years. GASB requires that ten years of statistical data be presented. State law usually grants charters for less than ten years. Therefore, only statistical data for eight (8) years is available and has been presented. Each year thereafter, an additional year's data will be included until ten years.***

**Contents**

**Financial Trends**

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

**Revenue Capacity (Not Applicable to Charter School)**

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

**Debt Capacity**

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

**Demographic and Economic Information**

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

**Operating Information**

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

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

***FINANCIAL TRENDS***

**UNION COUNTY TEAMS CHARTER SCHOOL**  
 Net Assets/Position by Component  
 Last Eight Fiscal Years  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,							
	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities								
Unrestricted	\$ 1,055,627	\$ 805,290	367,135	429,804	295,182	384,391	325,632	69,112
Total Governmental Activities Net Assets/Position	<u>\$ 1,055,627</u>	<u>\$ 805,290</u>	<u>\$ 367,135</u>	<u>\$ 429,804</u>	<u>\$ 295,182</u>	<u>\$ 384,391</u>	<u>\$ 325,632</u>	<u>\$ 69,112</u>
Business-Type Activities								
Unrestricted	\$ 25,079	25,079	32,394	41,444	47,987	23,121	(26,102)	359
Total Business-Type Activities Net Position	<u>\$ 25,079</u>	<u>\$ 25,079</u>	<u>\$ 32,394</u>	<u>\$ 41,444</u>	<u>\$ 47,987</u>	<u>\$ 23,121</u>	<u>\$ (26,102)</u>	<u>\$ 359</u>
Charter School-wide								
Unrestricted	\$ 1,080,706	\$ 830,369	399,529	471,248	343,169	407,512	299,530	69,471
Total Charter School-wide Net Position	<u>\$ 1,080,706</u>	<u>\$ 830,369</u>	<u>\$ 399,529</u>	<u>\$ 471,248</u>	<u>\$ 343,169</u>	<u>\$ 407,512</u>	<u>\$ 299,530</u>	<u>\$ 69,471</u>

**UNION COUNTY TEAMS CHARTER SCHOOL**  
 Changes in Net Position  
 Last Eight Fiscal Years

	Fiscal Year Ending June 30,							
	2013	2012	2011	2010	2009	2008	2007	2006
<b>Expenses</b>								
Governmental Activities:								
Instruction	\$ 2,431,378	\$ 1,950,537	\$ 1,811,013	\$ 1,585,780	\$ 1,168,613	\$ 1,038,745	\$ 1,182,725	\$ 949,900
Administration	1,137,210	1,014,035	1,037,160	760,327	632,188	530,271	452,725	452,383
Support Services	775,694	663,730	579,146	450,241	412,789	395,767	458,231	418,894
Capital Outlay						2,704	18,301	23,500
Total Governmental Activities Expenses	<u>4,344,282</u>	<u>3,628,302</u>	<u>3,427,319</u>	<u>2,796,348</u>	<u>2,213,590</u>	<u>1,967,487</u>	<u>2,111,982</u>	<u>1,844,677</u>
Food Service and After School	202,292	205,996	152,162	125,193	136,457	78,179	67,155	25,550
Total Business-Type Activities Expenses	<u>202,292</u>	<u>205,996</u>	<u>152,162</u>	<u>125,193</u>	<u>136,457</u>	<u>78,179</u>	<u>67,155</u>	<u>25,550</u>
Total Charter School Expenses	<u>\$ 4,546,574</u>	<u>\$ 3,834,298</u>	<u>\$ 3,579,481</u>	<u>\$ 2,921,541</u>	<u>\$ 2,350,047</u>	<u>\$ 2,045,666</u>	<u>\$ 2,179,137</u>	<u>\$ 1,870,227</u>
<b>Program Revenues</b>								
Governmental Activities:								
Operating Grants and Contributions	106,748	72,587			29,946	27,093	51,318	47,935
Total Governmental Activities Expenses	<u>106,748</u>	<u>72,587</u>	<u>-</u>	<u>-</u>	<u>29,946</u>	<u>27,093</u>	<u>51,318</u>	<u>47,935</u>
Business-Type Activities:								
Charges for Services	48,104	51,973	65,845	54,999	63,507	78,905	10,133	5,296
Operating Grants and Contributions	90,974	99,408	77,267	63,651	45,157	48,402	30,562	20,613
Total Business-Type Activities Expenses	<u>139,078</u>	<u>151,381</u>	<u>143,112</u>	<u>118,650</u>	<u>108,664</u>	<u>127,307</u>	<u>40,695</u>	<u>25,909</u>
Total Charter School Program Revenues	<u>\$ 245,826</u>	<u>\$ 223,968</u>	<u>\$ 143,112</u>	<u>\$ 118,650</u>	<u>\$ 138,610</u>	<u>\$ 154,400</u>	<u>\$ 92,013</u>	<u>\$ 73,844</u>
<b>Net (Expense)/Revenue</b>								
Governmental Activities	\$ (4,237,534)	\$ (3,555,715)	\$ (3,427,319)	\$ (2,796,348)	\$ (2,183,644)	\$ (1,940,394)	\$ (2,060,664)	\$ (1,796,742)
Business-Type Activities	(63,214)	(54,615)	(9,050)	(6,543)	(27,793)	49,128	(26,460)	359
Total Charter School-wide Net Expense	<u>\$ (4,300,748)</u>	<u>\$ (3,610,330)</u>	<u>\$ (3,436,369)</u>	<u>\$ (2,802,891)</u>	<u>\$ (2,211,437)</u>	<u>\$ (1,891,266)</u>	<u>\$ (2,087,124)</u>	<u>\$ (1,796,383)</u>
<b>General Revenues and Other Changes in Net Assets/Position</b>								
Governmental Activities:								
General Purposes	\$ 787,521	\$ 679,641	\$ 557,219	\$ 426,596	\$ 320,113	\$ 470,599	\$ 366,174	\$ 1,060,775
Federal and State Aid Not Restricted	3,698,901	3,296,110	2,766,163	2,499,953	1,770,552	1,502,230	1,858,521	798,669
Investment Earnings	1,404	770	784	970	3,414			
Miscellaneous Income	45	17,349	40,484	3,451	356	26,324	91,222	4,505
Total Governmental Activities	<u>4,487,871</u>	<u>3,993,870</u>	<u>3,364,650</u>	<u>2,930,970</u>	<u>2,094,435</u>	<u>1,999,153</u>	<u>2,315,917</u>	<u>1,863,949</u>
Business-Type Activities:								
Miscellaneous Income	63,214	47,300			52,660	94		
Total Business-Type Activities	<u>63,214</u>	<u>47,300</u>	<u>-</u>	<u>-</u>	<u>52,660</u>	<u>94</u>	<u>-</u>	<u>-</u>
Total Charter School-wide	<u>\$ 4,551,085</u>	<u>\$ 4,041,170</u>	<u>\$ 3,364,650</u>	<u>\$ 2,930,970</u>	<u>\$ 2,147,095</u>	<u>\$ 1,999,247</u>	<u>\$ 2,315,917</u>	<u>\$ 1,863,949</u>
<b>Change in Net Assets/Position</b>								
Governmental Activities	\$ 250,337	\$ 438,155	\$ (62,669)	\$ 134,622	\$ (89,209)	\$ 58,759	\$ 255,253	\$ 67,207
Business-Type Activities	-	(7,315)	(9,050)	(6,543)	24,867	49,222	(26,460)	359
Total Charter School	<u>\$ 250,337</u>	<u>\$ 430,840</u>	<u>\$ (71,719)</u>	<u>\$ 128,079</u>	<u>\$ (64,342)</u>	<u>\$ 107,981</u>	<u>\$ 228,793</u>	<u>\$ 67,566</u>

**UNION COUNTY TEAMS CHARTER SCHOOL**  
 Fund Balances - Governmental Funds  
 Last Eight Fiscal Years  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,							
	2013	2012	2011	2010	2009	2008	2007	2006
General Fund Unreserved	\$ 1,055,627	\$ 805,290	\$ 367,135	\$ 429,804	\$ 295,182	384,391	325,632	69,112
Total General Fund	<u>\$ 1,055,627</u>	<u>\$ 805,290</u>	<u>\$ 367,135</u>	<u>\$ 429,804</u>	<u>\$ 295,182</u>	<u>\$ 384,391</u>	<u>\$ 325,632</u>	<u>\$ 69,112</u>

**UNION COUNTY TEAMS CHARTER SCHOOL**  
 Changes in Fund Balances - Governmental Funds  
 Last Eight Fiscal Years  
 (modified accrual basis of accounting)

Fiscal Year Ending June 30,	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues:</b>								
Local Sources:								
Local Tax Levy	\$ 787,521	\$ 679,641	\$ 557,219	\$ 426,596	\$ 320,113	\$ 470,599	\$ 366,174	\$ 1,060,775
Interest In Investments	1,404	770	784	970	3,414	1,928	1,267	1,905
Miscellaneous	45	17,349	40,484	3,451	356	24,396	91,222	4,505
State Sources	3,576,584	3,215,833	2,611,029	2,271,512	1,680,740	1,365,190	1,496,526	571,081
Federal Sources	229,065	152,864	155,134	228,441	119,758	164,133	413,313	275,523
Total Revenues	<u>4,594,619</u>	<u>4,066,457</u>	<u>3,364,650</u>	<u>2,930,970</u>	<u>2,124,381</u>	<u>2,026,246</u>	<u>2,368,502</u>	<u>1,913,789</u>
<b>Expenditures:</b>								
Instruction	2,057,842	1,577,067	1,434,751	1,269,181	951,184	847,127	945,958	801,831
Administration	1,510,746	1,340,205	1,333,154	1,114,792	849,617	863,230	693,278	588,454
Support Services	775,694	711,030	659,414	412,375	412,789	254,426	454,445	430,892
Capital Outlay						2,704	18,301	23,500
Total Expenditures	<u>4,344,282</u>	<u>3,628,302</u>	<u>3,427,319</u>	<u>2,796,348</u>	<u>2,213,590</u>	<u>1,967,487</u>	<u>2,111,982</u>	<u>1,844,677</u>
Net Change in Fund Balance	<u>\$ 250,337</u>	<u>\$ 438,155</u>	<u>\$ (62,669)</u>	<u>\$ 134,622</u>	<u>\$ (89,209)</u>	<u>\$ 58,759</u>	<u>\$ 256,520</u>	<u>\$ 69,112</u>

Source: Charter School records

**UNION COUNTY TEAMS CHARTER SCHOOL**  
 General Fund - Other Local Revenue by Source  
 Last Eight Fiscal Years  
*(modified accrual basis of accounting)*

Fiscal Year Ending June 30,	Interest	Miscellaneous Revenue	Total
2013	\$ 1,404	\$ 45	\$ 1,449
2012	770	17,349	18,119
2011	784	40,484	41,268
2010	970	3,451	4,421
2009	3,414	356	3,770
2008	1,928	24,396	26,324
2007		91,222	91,222
2006		4,505	4,505

**Source: Charter School records**

***OPERATING INFORMATION***

**UNION COUNTY TEAMS CHARTER SCHOOL**  
 Demographic and Economic Statistics  
 Last Eight Fiscal Years

Function	2013	2012	2011	2010	2009	2008	2007	2006
Instruction	31	28	27	21	21	19	N/A	N/A
Administrative	7	8	7	5	3	3	N/A	N/A
Support Services	14	5	8	5	5	4	N/A	N/A
Food Service	2	2	1	1	1	1	N/A	N/A
Total	54	43	43	32	30	27	N/A	N/A

Source: Charter School's Records

**UNION COUNTY TEAMS CHARTER SCHOOL**  
 Operating Statistics  
 Last Eight Fiscal Years

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil / Teacher Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	Percent Change in Average Daily Enrollment	Student Attendance Percentage
2013	303	\$ 4,344,282	\$ 14,338	10.90%	31	10:1	306.3	293.3	9.60%	95.76%
2012	277	3,581,002	12,928	-2.41%	28	10:1	276.9	265.0	10.80%	95.70%
2011	247	3,272,185	13,248	8.85%	27	9:1	247	244.0	14.57%	98.79%
2010	211	2,567,907	12,170	7.04%	21	10:1	211	206.2	14.93%	97.73%
2009	179.5	2,040,892	11,370	8.44%	13	13:1	179.5	172.3	4.18%	95.99%
2008	172	1,803,354	10,485	7.40%	26	6:1	172	166.5	-1.16%	96.80%
2007	174	1,698,669	9,762	6.14%	N/A	N/A	174	168.1	1.95%	96.61%
2006	170.6	1,569,154	9,198	N/A	N/A	N/A	170.6	163.9	0.00%	96.07%

Source: Charter Schools' Records

**UNION COUNTY TEAMS CHARTER SCHOOL**  
Insurance Schedule  
June 30, 2013

<u>COVERAGE</u>	<u>LIMITS</u>	<u>SUMMARY</u>
<b>Package</b>	Covered	515-517 West 4th Street, Plainfield, NJ 07062
NJSBAIG	Locations	501-513 West 6th Street, Plainfield, NJ 07062
P984AD		44 Stelton Road, Piscataway, NJ 08859
8/31/12-8/31/13		
\$12,983		
<b>Property</b>	\$400,000	Business Personal Property-Replacement Cost (515-517 W 4th)
	\$120,000	Business Personal Property-Replacement Cost (501-513 W 6th)
	\$5,000	Business Personal Property-Replacement Cost (44 Stelton)
	\$180,000	EDP Equipment and Media (Computers) (515-517 W 4th)
	\$120,000	EDP Equipment and Media (Computers) (501-513 W 6th)
	\$5,000	EDP Equipment and Media (Computers) (44 Stelton)
	\$1,000,000	Extra Expense
	\$1,000,000	Valuable Papers
<b>Crime</b>	\$149,000	Bond - Board Secretary - Otis Richardson
<b>General Liability</b>	\$11,000,000	Aggregate
	\$11,000,000	Products/Completed Operations Aggregate
	\$11,000,000	Personal Injury and Advertising Injury
	\$11,000,000	Each Occurrence
	\$11,000,000	Abuse and Molestation
	\$11,000,000	Abuse and Molestation
	\$100,000	Fire Legal Liability (Any One Fire)
	\$5,000	Medical Expense (Any One Person)
<b>Automobile Liability</b>	\$11,000,000	Each Occurrence
	To Include:	Combined Single Limit per occurrence for Bodily Injury and Property Damage for Hired/Non Owned Automobiles
<b>Student Accident</b>	\$1,000,000	Occurrence
Markell		Basic/Sports ALL Students
10731198	To Include:	Accidents and Injuries
\$1,607		
<b>School Leaders E&amp;O</b>	\$1,000,000	Each Accident
NJSBAIG	\$100,000	Each Employee
EO984AD	\$300,000	Policy Limit
7/8/12-7/8/13		
\$2,827		
<b>Workers' Compensation</b>	\$1,000,000	Bodily Injury by Accident-Each Accident
NJSBAIG	\$1,000,000	Bodily Injury by Disease-Policy Limit
W984AD	\$1,000,000	Bodily Injury BY Disease-Each Employee
8/31/12-8/31/13		
\$22,468		
\$2,030,406 School Professional		
\$146,231 Non-Professional		
<b>Supplemental Indemnity</b>	Statutory	7 Day Waiting Period
NJSBAIG		
6477-5774		
8/31/12-8/31/13		
\$633		

***CHARTER SCHOOL PERFORMANCE FRAMEWORK FINANCIAL INDICATORS***

**UNION COUNTY TEAMS CHARTER SCHOOL**  
 Charter School Performance Framework Financial Indicators  
 Near Term Indicators  
 Last Three Fiscal Years

	2011 Audit	2012 Audit	2013 Audit	Source
Cash	\$ 274,570	\$ 774,889	\$ 1,191,901	Audit: Exhibit A-1
Current Assets	453,992	857,180	1,306,635	Audit: Exhibit A-1
Total Assets	453,992	857,180	1,306,635	Audit: Exhibit A-1
Current Liabilities	54,463	26,811	225,929	Audit: Exhibit A-1
Total Liabilities	54,463	26,811	225,929	Audit: Exhibit A-1
Net Assets	399,529	830,369	1,080,706	Audit: Exhibit A-1
Total Revenue	3,507,762	4,265,138	4,796,911	Audit: Exhibit A-2
Total Expenses	3,579,481	3,834,298	4,546,574	Audit: Exhibit A-2
Change in Net Assets	(71,719)	430,840	250,337	Audit: Exhibit A-2
Depreciation Expense	-	-	-	Financial Statements/Audit Workpapers
Interest Expense	-	-	-	Financial Statements/Audit Workpapers
Principal Payments	-	-	-	Financial Statements/Audit Workpapers
Interest Payments	-	-	-	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	248.50	276.90	306.30	DOE Enrollment Reports
March 30th Budgeted Enrollment	260	291	318	Charter School Budget

RATIOS ANALYSIS...				
Near Term Indicators	2011	2012	2013	3 YR CUM
1a. Current Ratio	8.34	31.97	5.78	Current Assets/Current Liabilities
1b. Unrestricted Days Cash	28.00	73.76	95.69	Cash/(Total Expenses/365)
1c. Enrollment Variance	96%	95%	96%	Average Daily Enrollment/Budgeted Enrollment
1d.* Default	N/A	N/A	N/A	Audit

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

Refer questions to [charterfinance@doe.state.nj.us](mailto:charterfinance@doe.state.nj.us)

**UNION COUNTY TEAMS CHARTER SCHOOL**  
 Charter School Performance Framework Financial Indicators  
 Sustainability Indicators  
 Last Three Fiscal Years

	2011 Audit	2012 Audit	2013 Audit	Source
Cash	\$ 274,570	\$ 774,889	\$ 1,191,901	Audit: Exhibit A-1
Current Assets	453,992	857,180	1,306,635	Audit: Exhibit A-1
Total Assets	453,992	857,180	1,306,635	Audit: Exhibit A-1
Current Liabilities	54,463	26,811	225,929	Audit: Exhibit A-1
Total Liabilities	54,463	26,811	225,929	Audit: Exhibit A-1
Net Assets	399,529	830,369	1,080,706	Audit: Exhibit A-1
Total Revenue	3,507,762	4,265,138	4,796,911	Audit: Exhibit A-2
Total Expenses	3,579,481	3,834,298	4,546,574	Audit: Exhibit A-2
Change in Net Assets	(71,719)	430,840	250,337	Audit: Exhibit A-2
Depreciation Expense	-	-	-	Financial Statements/Audit Workpapers
Interest Expense	-	-	-	Financial Statements/Audit Workpapers
Principal Payments	-	-	-	Financial Statements/Audit Workpapers
Interest Payments	-	-	-	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	248.50	276.90	306.30	DOE Enrollment Reports
March 30th Budgeted Enrollment	260	291	318	Charter School Budget

RATIOS ANALYSIS...				
Sustainability Indicators	2011	2012	2013	3 YR CUM
2a. Total Margin	-2%	10%	5%	5%
2b. Debt to Asset	0.12	0.03	0.17	Change in Net Assets/Total Revenue Total Liabilities/Total Assets
2c. ** Cash Flow	\$ (180,267)	\$ 500,319	\$ 417,012	Net change in cash flow from prior years (Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)
2d. Debt Service Coverage Ratio	N/A	N/A	N/A	

\*\* 2013 = 2013 Cash - 2012 Cash; 2012 = 2012 Cash - 2011 Cash; 2011 = 2011 Cash - 2010 Cash

Refer questions to [charterfinance@doe.state.nj.us](mailto:charterfinance@doe.state.nj.us)

***SINGLE AUDIT SECTION***

**BARRE & COMPANY**  
**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

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*Union, New Jersey 07083*

*(908) 686-3484*

*FAX – (908) 686-6055*

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**Independent Auditor's Report**

Honorable President and  
Members of the Board of Trustees  
Union County TEAMS Charter School  
County of Union  
Plainfield, New Jersey

We have audited, in accordance with the 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, the 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 Union County TEAMS Charter School (Charter School), in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated September 30, 2013.

**Internal Control over Financial Reporting**

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

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

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

### **Restriction on Use**

This report is intended solely for the information and use of management, the audit committee, Union County TEAMS Charter School Board of Trustees, others within the entity, and the New Jersey Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.



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

September 30, 2013

**BARRE & COMPANY**  
**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

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**Independent Auditor's Report**

Honorable President and  
Members of the Board of Trustees  
Union County TEAMS Charter School  
County of Union  
Plainfield, New Jersey

**Report on Compliance for Each Major State Program**

We have audited the compliance of the Union County TEAMS Charter School (Charter School), in the County of Union, State of New Jersey, 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, 2013. 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.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Charter School's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; 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. An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Charter School's compliance.

### ***Opinion on Each Major State Program***

In our opinion, the Union County TEAMS Charter School, in the County of Union, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2013.

### **Report on Internal Control over Compliance**

Management of Union County TEAMS Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

***Restriction on Use***

This report is intended solely for the information and use of management, the audit committee, Union County TEAMS Charter School Board of Trustees, others within the entity, and the New Jersey Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.



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

September 30, 2013

**UNION COUNTY TEAMS CHARTER SCHOOL**  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2013

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From	To	Balance at June 30, 2012	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment Of Prior Years' Balances	Accounts Receivable	Balance at June 30, 2013 Deferred Revenue	Due to Grantor
<b>U.S. Department of Education</b>														
<b>Passed-through State Department of Education</b>														
Special Revenue Fund:														
No Child Left Behind Cluster:														
Title I Part A	84.010A	NCLB - 8010 - 13	\$ 167,694	9/1/12	8/31/13	\$ -	\$ -	167,694	(167,694)	\$ -	\$ -	\$ -	\$ -	\$ -
Title II Part A	84.367A	NCLB - 8010 - 13	678	9/1/12	8/31/13	-	-	168,372	(168,372)	-	-	-	-	-
Total No Child Left Behind Cluster														
Individuals with Disabilities Cluster:														
I.D.E.A. Part B Basic	84.027	IDEA - 8010 - 13	60,683	9/1/12	8/31/13	-	-	48,555	(60,683)	-	-	(12,138)	-	-
Total Individuals with Disabilities Cluster														
Total Special Revenue Fund														
<b>U.S. Department of Agriculture</b>														
<b>Passed-through State Department of Agriculture</b>														
Enterprise Fund:														
School Breakfast Program	10.553	N/A	10,455	7/1/12	6/30/13	-	-	7,529	(10,455)	-	-	(2,926)	-	-
School Breakfast Program Carryover	10.553	N/A	16,045	7/1/11	6/30/12	(4,343)	-	4,343	-	-	-	-	-	-
National School Lunch Program	10.555	N/A	76,634	7/1/12	6/30/13	-	-	53,160	(76,634)	-	-	(23,474)	-	-
National School Lunch Program Carryover	10.555	N/A	76,289	7/1/11	6/30/12	(18,530)	-	18,530	-	-	-	-	-	-
Child Care Food Program	10.558	N/A	2,118	7/1/12	6/30/13	-	-	1,663	(2,118)	-	-	(455)	-	-
Child Care Food Program Carryover	10.558	N/A	5,144	7/1/11	6/30/12	(1,284)	-	1,284	-	-	-	-	-	-
Total Enterprise Fund														
Sub-Total Federal Financial Awards														
<b>\$ (24,157) \$ (24,157) \$ 303,436 \$ (318,272) \$ (26,855) \$ (38,993) \$</b>														

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

**UNION COUNTY TEAMS CHARTER SCHOOL**  
Schedule of Expenditures of State Financial Assistance  
For the Fiscal Year Ended June 30, 2013

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2012		Carryover/ (Waiver) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Reversals of Prior Year's Balance	Balance at June 30, 2013		MEMO	
			From	To	Receivable (Accounts Receivable)	Payable (Accounts Payable)					Due to Grantor	Due to Grantor		
<b>State Department of Education</b>														
General Fund:														
"Local Levy" State Share - Charter School Aid	13-495-034-5120-071	\$ 3,102,742	7/1/12	6/30/13	\$ -	\$ -	\$ -	\$ 3,096,616	\$ (3,102,742)	\$ -	\$ (6,126)	\$ -	\$ 6,126	\$ 3,102,742
"Local Levy" State Share - Charter School Aid	12-485-034-5120-071	2,797,696	7/1/11	6/30/12	(4,589)	-	4,589	106,742	(106,742)	-	-	-	-	106,742
Special Education Aid	13-485-034-5120-089	106,742	7/1/12	6/30/13	-	-	98,365	67,892	(67,892)	-	-	-	-	98,365
Security Aid	13-485-034-5120-084	98,365	7/1/12	6/30/13	-	-	67,892	5,379	(67,892)	-	-	-	-	67,892
Nonpublic Aid	13-100-034-5065-042	67,892	7/1/12	6/30/13	(5,379)	-	143,452	57,385	(143,452)	-	(2,856)	-	2,856	143,452
Nonpublic Aid	12-100-034-5065-042	95,799	7/1/11	6/30/12	-	-	54,529	143,452	(143,452)	-	-	-	-	143,452
On-Behalf TPAF Pension Contributions	13-485-034-5095-006	143,452	7/1/12	6/30/13	-	-	3,577,564	(57,385)	(3,576,578)	-	(8,982)	-	8,982	57,385
Reimbursed TPAF - Social Security	13-485-034-5095-002	57,385	7/1/12	6/30/13	(9,968)	-	-	-	-	-	-	-	-	-
Total General Fund														
<b>State Department of Agriculture</b>														
Enterprise Fund:														
National School Lunch Program (State Share)	13-100-010-3350-023	1,767	7/1/12	6/30/13	(464)	-	1,256	464	(1,767)	-	(511)	-	511	1,767
National School Lunch Program (State Share)	12-100-010-3350-023	1,929	7/1/11	6/30/12	-	-	-	1,720	(1,767)	-	(511)	-	511	1,767
Total Enterprise Fund														
Total State Financial Assistance														
					\$ (10,432)	\$ -	\$ -	\$ 3,579,284	\$ (3,576,345)	\$ -	\$ (9,483)	\$ -	\$ 9,483	\$ 3,578,345

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

**Union County TEAMS Charter School**  
Notes to the Schedules of Expenditures Of Awards and Financial Assistance  
June 30, 2013

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**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, Union County TEAMS Charter School. The Board of Trustees is defined in Note 1 to the board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of U.S. OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements. This does not apply to charter schools as districts are not permitted to defer the June payments to charter schools.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent

**UNION COUNTY TEAMS CHARTER SCHOOL**  
Notes to the Schedules of Expenditures Of Awards and Financial Assistance  
June 30, 2013

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**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 3,576,584	\$ 3,576,584
Special Revenue Fund	229,065	-	229,065
Food Service Fund	89,207	1,767	90,974
Total Awards & Financial Assistance	<u>\$ 318,272</u>	<u>\$ 3,578,351</u>	<u>\$ 3,896,623</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 LOAN OUTSTANDING**

Union County TEAMS Charter School has no loan balances outstanding at June 30, 2013.

**UNION COUNTY TEAMS CHARTER SCHOOL**  
Notes to the Schedules of Expenditures Of Awards and Financial Assistance  
June 30, 2013

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**NOTE 6. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2013. 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, 2013.

**NOTE 7. SCHOOLWIDE PROGRAM FUNDS**

Schoolwide programs are not separate federal programs as defined in OMB Circular A-133; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the charter school.

Program	Total
Title I, Part A: <i>Grants to Local Education Agencies</i>	\$ 167,694
Title II, Part A: <i>Teacher and Principal Training and Recruiting</i>	678
Title II, Part D: <i>Enhancing Education Through Technology</i>	
Title III: <i>English Language Acquisition</i>	
Title IV, Part A: <i>Safe and Drug-Free Schools and Communities</i>	
Title V, Part A: <i>Innovative Programs</i>	
	<hr/>
Total	<u><u>\$ 168,372</u></u>

**UNION COUNTY TEAMS CHARTER SCHOOL**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2013

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditors’ report issued on financial statements		<u>Unmodified</u>
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ Yes	<u>  X  </u> No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	_____ None Reported <u>  X  </u>
Noncompliance material to basic financial statements noted?	_____ Yes	<u>  X  </u> No

**State Awards Section**

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

Identification of major state programs:

GMIS Number(s)	Name of State Program
<u>13-495-034-5120-071</u>	<u>Local Levy – State Share</u>
_____	_____
_____	_____
_____	_____

**UNION COUNTY TEAMS CHARTER SCHOOL**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2013

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***Section II – Financial Statement Findings***

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

**Finding**

There were no matters reported.

**UNION COUNTY TEAMS CHARTER SCHOOL**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2013

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

This section identifies audit findings required to be reported by NJOMB Circular Letter 04-04.

**STATE AWARDS**

**Findings**

There were no matters reported.

**UNION COUNTY TEAMS CHARTER SCHOOL**  
Summary Schedule of Prior Year Audit Findings and  
Questioned Costs as Prepared by Management  
For the Fiscal Year Ended June 30, 2013

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**STATUS OF PRIOR YEAR FINDINGS**

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

**FINDINGS:**

There were no matters reported.