

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF THE  
TEAM ACADEMY CHARTER SCHOOL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**TEAM ACADEMY CHARTER SCHOOL**  
**JUNE 30, 2011**  
**TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

Letter of Transmittal .....	1
Roster of Trustees and Officers .....	5
Consultants and Advisors .....	6

**FINANCIAL SECTION**

Independent Auditor's Report on General Purpose Financial Statements and Supplementary Schedule of Expenditures of Federal Awards and State Financial Assistance.....	7
Required Supplementary Information - Part I Management's Discussion and Analysis .....	9

**Basic Financial Statements:**

**A. School-wide Financial Statements**

A-1 Statement of Net Assets .....	20
A-2 Statement of Activities .....	21

**B. Fund Financial Statements:**

**Governmental Funds:**

B-1 Balance Sheet.....	22
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances .....	23
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	24

**Proprietary Funds:**

B-4 Statement of Net Assets .....	25
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	26
B-6 Statement of Cash Flows .....	27

**Fiduciary Funds:**

B-7 Statement of Fiduciary Net Assets.....	28
B-8 Statement of Changes in Fiduciary Net Assets.....	29

<b>Notes to Financial Statements.....</b>	<b>30</b>
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**TEAM ACADEMY CHARTER SCHOOL  
JUNE 30, 2011  
TABLE OF CONTENTS**

**Required Supplementary Information - Part II**

**C. Budgetary Comparison Schedules:**

C-1	Budgetary Comparison Schedule General Fund.....	53
C-2	Budgetary Comparison Schedule Special Revenue Fund.....	56

**Notes to Required Supplementary Information:**

C-3	Budget to GAAP Reconciliation.....	58
-----	------------------------------------	----

**E. Special Revenue Fund:**

E-1	Combining Schedule of Program Revenues and Expenditures, Special Revenue Fund - Budgetary Basis.....	59
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**G. Proprietary Funds:**

**Enterprise Fund:**

G-1	Combining Statement of Net Assets.....	61
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	62
G-3	Combining Statement of Cash Flows.....	63

**Fiduciary Funds:**

H-1	Combining Statement of Fiduciary Net Assets.....	64
H-2	Combining Statement of Changes in Fiduciary Net Assets.....	65
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements.....	66
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements.....	67
H-5	Unemployment Compensation Insurance Trust Fund.....	68

**J. Financial Trends:**

J-1	Net Assets by Component.....	69
J-2	Changes in Net Assets.....	70
J-3	Fund Balances – Governmental Funds.....	72
J-4	Changes in Fund Balances – Governmental funds.....	73

**J. Revenue Capacity:**

J-5	Revenue Capacity.....	74
J-6	Assessed Value and Actual Value of Taxable Property.....	75

**TEAM ACADEMY CHARTER SCHOOL  
JUNE 30, 2011  
TABLE OF CONTENTS**

J-7	Direct and Overlapping Properties.....	76
J-8	Principal Property Taxpayers.....	77

**J. Debt Capacity:**

J-9	Property Tax Levies and Collections.....	78
J-10	Ratios of Outstanding Debt by Type.....	79
J-11	Ratios of Net General Bonded Debt Outstanding.....	80
J-12	Direct and Overlapping Governmental Activities Debt.....	81

**J. Demographic and Economic Information:**

J-13	Demographic and Economic Statistics.....	82
J-14	Principal Employers.....	83

**J. Operating Information:**

J-15	Full Time Equivalent Charter School Employees by Function/Program.....	84
J-16	Operating Expenses.....	85
J-17	School Building Information.....	86
J-18	Insurance Schedules.....	87
J-19	General Fund-Other Local Revenue by Source.....	88
J-20	Schedule of Allowable Maintenance Expenditures by School Facility.....	89

**SINGLE AUDIT SECTION K.**

K-1	Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	90
K-2	Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular letter 04-04.....	92
K-3	Schedule of Expenditures of Federal Awards, Schedule A.....	94
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B.....	95
K-5	Notes to the Schedule of Awards and Financial Assistance.....	96
K-6	Schedule of Findings of Noncompliance.....	98
K-7	Summary Schedule of Prior Audit Findings.....	102

September 29, 2011

#### OUR MISSION

The mission of TEAM Charter Schools is to create a network of schools in Newark, New Jersey, that instill in their students the desire and ability to succeed in college, in order to change the world.

#### OUR VALUES

Kid Focus  
Fun  
Improvement  
Impact  
Freedom  
TEAMwork

Commissioner  
New Jersey Department of Education  
100 Riverview Executive Plaza  
CN 500  
Trenton, NJ 08625

Dear Commissioner:

The Comprehensive Annual Financial Report of the TEAM Academy Charter School for the fiscal year ended June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the school. To the best of our knowledge and belief, the data presented in this report are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the school. All disclosures necessary to enable the reader to gain an understanding of the school's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter and list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report. The statistical section includes audited data from the school's first six fiscal years. The school is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U. S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations," and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws and regulations and findings and recommendations is included in the single audit section of this report.

- 1) **REPORTING ENTITY AND ITS SERVICES:** TEAM Academy Charter School is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB No. 34. All funds and account groups of the TEAM Academy Charter School are included in this report

TEAM Academy Charter School is a free open-enrollment public school. TEAM completed the 2009-2010 fiscal year with 1,025 students in grades K, and 5 – 10. The mission of TEAM Academy is to prepare all students with the knowledge, skills, and character traits necessary to succeed in the finest high schools and colleges, and become exemplary citizens of their community, country, and world.

<b>Average Daily Enrollment</b>		
<b>Fiscal Year</b>	<b>Student Enrollment</b>	<b>Percent Change Over Prior Year</b>
2011	1262	22%
2010	1033	34%
2009	771	25%
2008	615	37%
2007	450	41%
2006	320	33%
2005	240	99%

- 2) **MAJOR ACCOMPLISHMENTS** – The school served 1,306 students during the 2010-2011 school year. It marked TEAM Academy’s ninth year of operation. Student attendance exceeded 95% and staff attendance was 99%. The 2009-2010 school year was TEAM Academy’s eighth year of operation. The school served over 1,040 students. Student attendance exceeded 96% and staff attendance exceeded 99%. The students made impressive academic progress as they continued on the path to college and improved the world around them through their volunteer activities and civic engagement.
  
- 3) **INTERNAL ACCOUNTING CONTROLS:** Management of the Charter School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Charter School are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principals (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the variation of costs and benefits requires estimates and judgments by Management. As a recipient of Federal and State financial assistance, the Charter School is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulation related to those programs. This internal control structure is also subject to periodic evaluation by the Charter School Management.
  
- 4) **BUDGETARY CONTROLS:** In addition to internal accounting controls, TEAM Academy Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure that compliance with legal provisions embodied in the annual budgets is adopted for the General Fund and the Special Revenue Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.
  
- 5) **ACCOUNTING SYSTEM AND REPORTS:** TEAM Academy Charter School’s accounting records reflect Generally Accepted Accounting Principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the Charter School is organized on the basis of funds and account groups. These funds and account groups are explained in “Notes to the Financial Statements,” Note 1.

- 6) **FINANCIAL INFORMATION AT FISCAL YEAR-END:** 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 schedule presents a summary of the General Fund and Special Revenue Fund, for the fiscal year ended June 30, 2011.

<b>Revenue</b>	<b>Amount</b>	<b>Percent of Total</b>
Local	2,536,038	10%
State	17,931,410	68%
Federal	1,786,342	7%
Other Sources	2,862,853	11%
Food Service	<u>1,014,367</u>	<u>4%</u>
Total	<u>\$ 26,131,010</u>	<u>100%</u>

The following schedule presents a summary of the general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2011.

<b>Expenditures</b>	<b>Amount</b>	<b>Percent of Total</b>
Current - General Fund	20,068,703	79%
Capital Outlay	409,340	2%
Special Revenue	3,817,944	15%
Food Service	<u>1,014,367</u>	<u>4%</u>
Total	<u>\$25,310,354</u>	<u>100%</u>

- 7) **CASH MANAGEMENT:** The investment policy of the Charter School is guided in large part by state statute as detailed in “Notes to the Financial Statements” Note 2. The TEAM Academy Charter School has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act
- 8) **RISK MANAGEMENT:** The board carries various forms of insurance, including but not limited to general liability, automobile liability, and comprehensive/collision, hazard, and theft insurance on property and contents, and fidelity bonds
- 9) **OTHER INFORMATION:**

**Independent Audit** – State statutes require an annual audit by an independent Certified Public Accountant (CPA) and Public School Accountant (PSA) or, Registered Municipal Accountant. The Accounting firm of Scott J. Loeffler, CPA was selected by the Charter School.

In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and related OMB Circular A-133 and the state Treasury Circular letter 04-04 OMB. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial statement of this report. The auditor's reports related specifically to the single audit act are included in the single audit section of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "RHill", written in a cursive style.

Ryan Hill  
Lead Person

**TEAM ACADEMY  
CHARTER SCHOOL  
ROSTER OF TRUSTEES AND OFFICERS  
JUNE 30, 2011**

<b><u>BOARD OF DIRECTORS</u></b>	<b><u>TERM EXPIRES</u></b>
Dan Adan, Trustee, Voting	6/2011
Judy Bedol, Trustee, Voting	4/2011
Sheila Boyd, Trustee, Voting	3/2011
Derek Capanna, Trustee, Voting	4/2011
Tom Dunn, Trustee, Voting	11/2012
Amy Rosen, Trustee, Voting	9/2012
Patricia Ross, Trustee, Voting	7/2011
Linda Sterling, Trustee, Voting	9/2012
Brendan Maher, Trustee, Voting	10/2012
Fatimah Burnam Watkins	12/2013
Josh Weston, Trustee, Voting	09/2013
Heidi Moore, Teacher, Non-voting	4/2011
Ryan Hill, Lead Person, Non-voting	4/2011

**CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

Scott J. Loeffler, CPA  
7 Cleveland Street  
Caldwell, New Jersey 07006

**ATTORNEYS**

Thomas O. Johnston, Esq.  
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100 Southgate Parkway  
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Morristown, NJ 07962-1997

**OFFICIAL DEPOSITORY**

M&T Bank  
Buffalo, NY 14203

## **FINANCIAL SECTION**

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

**Independent Auditor's Report**

The Honorable Chairperson and  
Members of the Board of Trustees  
TEAM Academy Charter School  
County of Essex  
Newark, New Jersey

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Trustees of the TEAM Academy Charter School, County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the charter schools' basis financial statements, as listed in the table of contents. These financial statements are the responsibility of the Board of Trustee's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the TEAM Academy Charter School, Board of Trustees, in the County of Essex, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 29, 2011 on my consideration of the TEAM Academy Charter School, in the County of Essex, State of New Jersey, Board of Trustee's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis and Budgetary Comparison schedules on pages 9 through 19 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the TEAM Academy Charter School Board of Trustees basic financial statements. The accompanying introductory section, other supplementary information including combining fund financial schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

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

Licensed Public School Accountant No. 870

A handwritten signature in black ink that reads "Scott J. Loeffler CPA". The signature is written in a cursive style with a small "CPA" at the end.

Scott J. Loeffler CPA

September 29, 2011

**TEAM ACADEMY CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2011**

This section of TEAM Academy Charter School annual financial report presents our discussion and analysis of the Board's financial performance during the fiscal year that ended on June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the Board's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is a new element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current year (2010-11) and the prior year (2009-10) is required to be presented in the MD&A.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2010-11 fiscal year include the following:

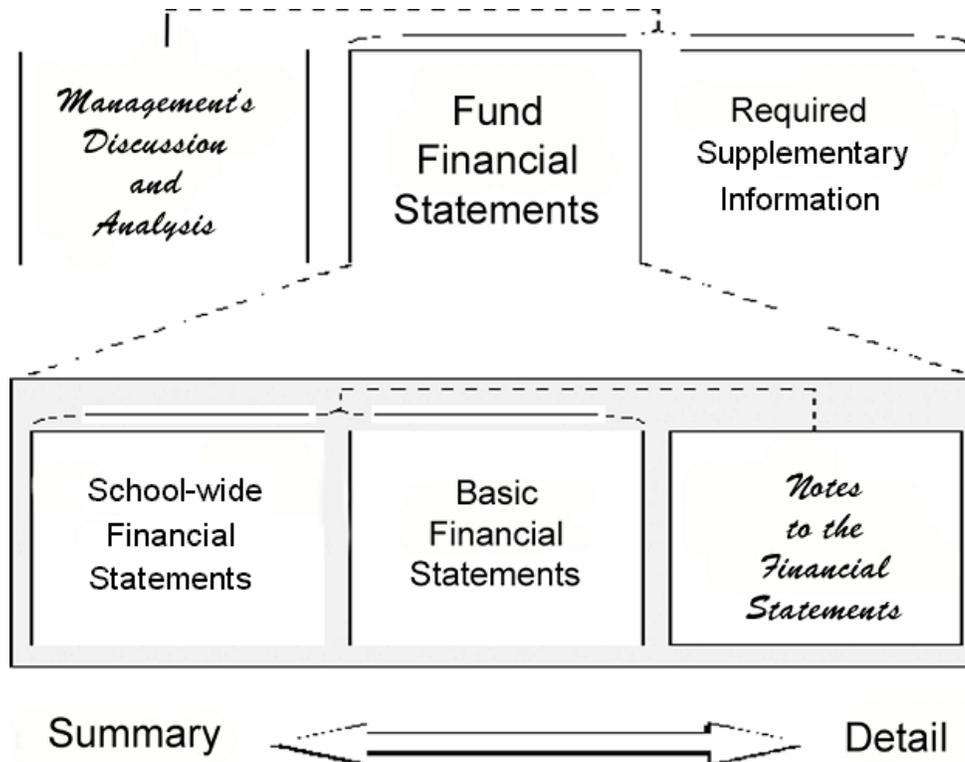
- Net assets were \$3,225,809.
- Net Assets increased by \$1,264,177 from July 1, 2010 to June 30, 2011.
- The General Fund balance at June 30, 2011 is \$2,355,554 an increase of \$820,656 when compared with the beginning balance at July 1, 2010.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**TEAM ACADEMY CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2011**

**Figure A-1. Required Components of the Board's Annual Financial Report**



- The first two statements are school-wide financial statements that provide both short-term and long-term information about the TEAM Academy Charter School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the TEAM Academy Charter School, reporting the TEAM Academy Charter School's operation in more detail than the school-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the Food Service activities the TEAM Academy Charter School operates like businesses.

**TEAM ACADEMY CHARTER SCHOOL  
Management’s Discussion and Analysis  
Year Ended June 30, 2011**

The financial statements also include notes that explain some of the information in the statements and provide data that are more detailed. Figure A-1 summarizes the major features of the TEAM Academy Charter School’s financial statements, including the portion of the TEAM Academy Charter School’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

**Figure A-2 - Major Features of the School-wide and Financial Statements**

	<b><u>School-wide Statements</u></b>	<b><u>Fund Financial Statements</u></b>	
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>
Scope	Entire school. (except fiduciary funds)	The activities of the TEAM Academy Charter School that are for the school operations and not proprietary or fiduciary, such as teachers' salaries, special education and building maintenance, food service, and community education	Activities the TEAM Academy Charter School operates similar to private businesses: Internal service fund
Required financial statements	Statements of net assets	Balance sheet	Statement of net assets
	Statement of activities	Statement of revenue expenditures and changes in fund balances	Statement of revenue, expenses, and changes in fund net assets
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Statement of cash flows Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

**TEAM ACADEMY CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2011**

**School-wide Statements**

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

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

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

- *Governmental activities*- Most of the TEAM Academy Charter School's basic services are included here, such as regular and special education, transportation, administration, food services, and community education. State aids finance most of these activities.
- *Business-type activities*- The TEAM Academy Charter School's Food Service Fund is included here.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the TEAM Academy Charter School's funds – focusing on its most significant or “major” funds – not the TEAM Academy Charter School as a whole.

Funds are accounting devices the TEAM Academy Charter School uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.

**TEAM ACADEMY CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2011**

The TEAM Academy Charter School use other funds, established in accordance with the State of New Jersey Uniform Chart, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is property using certain revenues (e.g., federal funds).

The TEAM Academy Charter School has three kinds of funds:

- **Governmental funds-** Most of the TEAM Academy Charter School's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the TEAM Academy Charter School's programs. Because this information does not encompass the additional long-term focus of the school-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- **Proprietary funds-** Services for which the TEAM Academy Charter School charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the school-wide statements.
- **Fiduciary funds-** The TEAM Academy Charter School is the trustee, or *fiduciary*, for assets that belong to others such as scholarship fund, payroll and payroll agency funds, and student activity funds. The TEAM Academy Charter School is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the TEAM Academy Charter School's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. I exclude these activities from the TEAM Academy Charter School's government-wide financial statements because the TEAM Academy Charter School cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE TEAM ACADEMY PUBLIC SCHOOLS AS A WHOLE**

**Net assets.** The TEAM Academy Charter School's net assets are \$3,225,809 on June 30, 2011. (See Table A-1).

Governmental	\$3,225,809
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The Statement of Net Assets of \$870,255 reflects total capital assets at net of assumed depreciation since inception.

**TEAM ACADEMY CHARTER SCHOOL  
Management's Discussion and Analysis  
Year Ended June 30, 2011**

The TEAM Academy Charter School's financial position is the product of these factors:

- Program Special Revenue for Governmental Activities were \$1,786,342.
- Program Expenditure for Governmental Activities were \$1,786,342
- General fund revenues during the 2010-11 school year were \$20,955,596.
- General Fund expenditures were \$20,134,940.

**Table A-1  
TEAM ACADEMY CHARTER SCHOOL  
Statement of Net Assets  
As of June 30, 2011**

	<u>Total</u>
Current and Other Assets	3,666,011
Capital Assets (Including Business Activities)	870,255
<b>Total Assets</b>	<b><u>\$4,536,266</u></b>
Long-Term Liabilities	-
Other Liabilities	1,310,457
<b>Total Liabilities</b>	<b><u>\$1,310,457</u></b>
Net Assets:	
Invested In Capital Assets, Net of Related Debt	870,255
Restricted	
Unrestricted	2,355,554
Credit for Total Compensated Absences	
<b>Total Net Assets</b>	<b><u>\$3,225,809</u></b>

Total Governmental and Business Activities revenues & beginning assets are adjusted by net adjusted expenditures resulting in a calculation of net assets of \$3,225,809 on June 30, 2011.

**TEAM ACADEMY CHARTER SCHOOL  
Management's Discussion and Analysis  
Year Ended June 30, 2011**

**Table A-2  
TEAM ACADEMY CHARTER SCHOOL  
Changes in Net Assets - School Wide  
For the Fiscal Year Ended June 30, 2011**

<b>Revenues</b>	<b>Total</b>
Program revenues	
Charges for services	86,813
Board Subsidy Food Service	264,700
General revenues	
Local Share	2,536,038
Federal and State Aid-Unrestricted	15,828,575
Federal and State Aid-Restricted	3,889,077
Food Service Aid	662,854
Other	2,862,853
Increase in Net Capital Outlay	443,521
<b>Total revenues</b>	<b><u>\$ 26,574,431</u></b>
<b>Expenses</b>	
Regular Instruction	10,809,131
General Administrative	7,406,276
School Administrative	4,646,565
On-behalf TPAF Social Security and Pension	1,024,675
Capital Outlay	409,340
Food Service	1,014,367
<b>Total expenses</b>	<b><u>\$ 25,310,354</u></b>
(Decrease) in net assets	1,264,077
Net Assets, Beginning July 1	<u>1,961,632</u>
Net Assets, End of Year June 30	<b><u><u>\$ 3,225,709</u></u></b>

**Changes in Net Assets.** The TEAM Academy Charter School's total revenues were \$26,131,010. Local shares of \$2,536,038 represented 10% of revenues. The state aid of \$17,931,410 represented 68% of revenues and federal aid \$3,817,944 represented 15% of revenues.

The "Other Revenue" for 2011 is \$831,251 which represents 3% of revenues and food service revenue of \$1,014,367 which represents 4% of revenues.

The TEAM Academy Charter School's expenses of \$24,967,251 are predominantly related to instruction and support services. Instruction expenditures totaled \$10,809,131. Support services, \$13,143,753 and food service \$1,014,367.

**TEAM ACADEMY CHARTER SCHOOL  
Management's Discussion and Analysis  
Year Ended June 30, 2011**

Total net assets were increased by \$1,264,177 during the 2010-11 school year.

**Table A-3 (See Exhibit A-2)  
TEAM ACADEMY CHARTER SCHOOL  
Changes in Net Assets - School Wide  
For the Fiscal Year Ended June 30, 2011**

<u>Functions/Programs</u>	<u>Source</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
<b>Governmental Activities</b>			
Instruction			
Regular	B-2	10,809,131	10,809,131
<b>Support Services</b>			
General Administrative Services	B-2	7,406,276	7,406,276
School Administrative Services	B-2	4,646,565	4,646,565
On-behalf TPAF Social Security	B-2	681,572	681,572
Capital Outlay	B-2	409,340	409,340
Food Service	G-2	1,014,367	1,014,367
<b>Total Governmental Activities</b>		<u>\$ 24,967,251</u>	<u>\$ 24,967,251</u>

**FINANCIAL ANALYSIS OF THE TEAM ACADEMY CHARTER SCHOOL OF  
NEWARK'S FUNDS**

The financial performance of the TEAM Academy Charter School as a whole is reflected in its governmental activities Exhibit A-2. As the TEAM Academy Charter School completed the year, its general funds reported a combined fund balance of \$2,355,554 of which \$-0- is being reserved as capital reserve.

Revenues for the TEAM Academy Charter School's governmental funds and business activities were \$25,787,907 while total expenses were \$24,967,251. (Table A-2) (Exhibit A-2)

**GENERAL FUND**

The General Fund includes the primary operations of the TEAM Academy Charter School in providing educational services to students in Kindergarten and from grade 5 through grade 12.

**TEAM ACADEMY CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2011**

The following schedule presents a summary of Government Revenues. The summary reflects the dollar and percent increase (decrease) from the prior year.

**Table A-4 (See Exhibit B-2)**  
**TEAM ACADEMY CHARTER SCHOOL**  
**Changes in Net Assets - School Wide**  
**For the Years Ended June 30, 2011 and 2010**

<b>General Fund Revenues</b>	<b>Year Ended 06/30/2011</b>	<b>Year Ended 06/30/2010</b>	<b>Amount of Increase (Decrease)</b>
<b>Local Sources:</b>			
Local Share	2,536,038	1,978,975	557,063
Other Local Revenue	831,251	1,314,771	(483,520)
<b>Total Local Sources</b>	<b>\$ 3,367,289</b>	<b>\$ 3,293,746</b>	<b>\$ 73,543</b>
<b>Intergovernmental</b>			
State Sources	17,931,410	12,682,970	5,248,440
Other Sources	2,031,602	2,071,800	(40,198)
Federal Sources	1,786,342	1,205,902	580,440
Enterprise Fund	1,014,367	1,205,902	(191,535)
<b>Total Intergovernmental Sources</b>	<b>\$ 22,763,721</b>	<b>\$ 17,166,574</b>	<b>\$ 5,597,147</b>
<b>Total Revenue</b>	<b>\$ 26,131,010</b>	<b>\$ 20,460,320</b>	<b>\$ 5,670,690</b>

The following schedule presents a summary of Governmental expenditures. The summary reflects the dollar and percent increases (decreases) from the prior year.

**Table A-5 (See Exhibit B-2)**  
**TEAM ACADEMY CHARTER SCHOOL**  
**Changes in Net Assets - School Wide**  
**For the Years Ended June 30, 2011 and 2010**

<b>General Fund Expenditures</b>	<b>Year Ended 06/30/2011</b>	<b>Year Ended 06/30/2010</b>	<b>Amount of Increase (Decrease)</b>
<b>Current:</b>			
Regular Instruction	10,809,131	8,682,919	2,126,212
General Administrative Services	7,406,276	5,865,142	1,541,134
School Administration	4,646,565	3,582,598	1,063,967
On-behalf TPAF Social Security and Pension	1,024,675	496,064	528,611
Capital outlay	409,340	44,274	365,066
Food Service	1,014,367	781,929	232,438
<b>Total Expenditures</b>	<b>\$ 25,310,354</b>	<b>\$ 19,452,926</b>	<b>\$ 5,857,428</b>

**TEAM ACADEMY CHARTER SCHOOL  
Management's Discussion and Analysis  
Year Ended June 30, 2011**

Total General Fund expenditures increased by \$5,514,325 during the 2010-2011 year.

**UNRESERVED-UNDESIGNATED FUND BALANCE AS A PERCENTAGE OF EXPENDITURES**

The following table shows the General Fund unreserved-undesignated fund balance.

**Table A-6  
TEAM ACADEMY CHARTER SCHOOL  
Changes in Net Assets - School Wide  
For the Fiscal Year Ended June 30, 2011**

<u>General Fund</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Unreserved-Undesignated Fund Balance	2,355,554	\$1,534,898	\$1,733,406	\$647,280	\$142,453	\$168,515
Expenditures	24,967,251	\$19,452,926	\$12,483,474	\$8,099,667	\$4,749,119	\$3,598,937

The TEAM Academy Charter School values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during school year. The amount of fund balance designed to support the subsequent years budgets \$2,355,554 for the 2010-11 school year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2011, in the General Fund, the TEAM Academy Charter School had invested \$1,174,766 in a broad range of capital assets, including computer and audio-visual equipment, and administrative offices, etc. (More detailed information about capital assets can be found in Note 4 to the financial statements.) Total General Fund depreciation expenses for the year was \$70,280.

**Table A-7  
TEAM ACADEMY CHARTER SCHOOL  
Changes in Net Assets - School Wide  
For the Fiscal Year Ended June 30, 2011**

Facilities Improvement	\$451,271
Equipment	723,495
<b>Total - General Fund</b>	<b>\$1,174,766</b>
Less: Accumulated Depreciation	(304,511)
<b>Total - Net Capital Assets General Fund</b>	<b>\$870,255</b>

**TEAM ACADEMY CHARTER SCHOOL  
Management's Discussion and Analysis  
Year Ended June 30, 2011**

**FACTORS BEARING ON THE SCHOOL'S FUTURE**

**State Aid**—As part of the “time-out” decision of the Supreme Court, the NJDOE was granted permission for level spending for the 2010-11 school year. The practical implication of this ruling is that the TEAM Academy Charter School 2010-11 budget can be not greater than its kindergarten through grade 12 expenditures in the 2010-11 school year. The financial position of the State of New Jersey will likely result in continued level state aid for the 2010-11 school year. The school is likely to feel financial pressures related to contractual obligations that will put pressure on the school programs, inclusive of staffing levels.

**No Child Left Behind (NCLB)**—The integration of the requirements of this federal legislation needs to be integrated into in a way that eliminates duplication. The challenge before the State of New Jersey is development of a single, seamless process of assessment, planning, implementation, and evaluation that satisfies both State and federal authorities.

**CONTACTING THE TEAM ACADEMY CHARTER SCHOOL'S FINANCIAL  
MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the TEAM Academy Charter School's finances and to demonstrate the TEAM Academy Charter School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, TEAM Academy Charter School, 60 Park Place, Suite 802, Newark, NJ 07102.

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements provide a financial overview of the TEAM Academy Charter School's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2011.

## **SCHOOL-WIDE FINANCIAL STATEMENTS**

**TEAM ACADEMY CHARTER SCHOOL**  
**Statement of Net Assets**  
**June 30, 2011**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,191,397	\$ (70,857)	\$ 3,120,540
Investments			
Receivables, net	410,103	123,250	533,353
Security Deposit	12,118		12,118
Capital assets, net (Note 2):	870,255	-	870,255
Total Assets	<u>4,483,873</u>	<u>52,393</u>	<u>4,536,266</u>
<b>LIABILITIES</b>			
Cash Overdraft			-
Accounts payable	992,718	52,393	1,045,111
Due to Newark Board of Ed.	-		-
Deposits payable			
Payable to federal government	-		-
Payable to state government			
Deferred revenue	265,346		265,346
Noncurrent liabilities:			
Due within one year			
Due beyond one year			
Total liabilities	<u>1,258,064</u>	<u>52,393</u>	<u>1,310,457</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	870,255	-	870,255
Restricted for:			
Debt service			-
Capital Reserves			-
Permanent endowment - nonexpendable			
Other purposes			
Unrestricted	2,355,554	-	2,355,554
Total net assets	<u>\$ 3,225,809</u>	<u>-</u>	<u>\$ 3,225,809</u>

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

**TEAM ACADEMY CHARTER SCHOOL**  
**Statement of Activities**  
**For the Year Ended June 30, 2011**

**Exhibit A-2**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		<b>Changes in Net Assets</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Governmental activities:						
Instruction:						
Regular	\$ (10,809,131)		\$ (2,213,025)		\$ (8,596,106)	\$ (8,596,106)
Support services:						
General administration	(7,406,276)		(1,604,919)		(5,801,357)	(5,801,357)
School administrative services/ operations plant serv.	(4,646,565)				(4,646,565)	(4,646,565)
On - behalf TPAF Social Security	(681,572)				(1,024,675)	(1,024,675)
Capital Outlay	(409,340)				(409,340)	(409,340)
Total governmental activities	(23,952,884)		(3,817,944)		(20,478,043)	(20,478,043)
Business-type activities:						
Food Service		(1,014,367)			(1,014,367)	(1,014,367)
Total business-type activities					(1,014,367)	(1,014,367)
Total primary government	(23,952,884)	\$ (1,014,367)	\$ (3,817,944)		\$ (20,478,043)	\$ (1,014,367)
General revenues:						
Local Share				2,536,038		2,536,038
State Share				15,828,675		15,828,675
State and Federal Aid				2,102,735	662,854	2,765,589
Board Subsidy					264,700	
Miscellaneous Income				831,251	86,813	918,064
Increase in net Capital Outlay				443,521		443,521
Total general revenues, special items, extraordinary				21,742,220	1,014,367	22,756,587
Change in Net Assets				1,264,177	-	1,264,177
Net Assets—beginning				1,961,632	-	1,961,632
Net Assets—ending				\$ 3,225,809	-	\$ 3,225,809

**FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

**TEAM ACADEMY CHARTER SCHOOL**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,080,745	\$ 110,652			3,191,397
Investments					
Receivables, net	102,622	307,481			410,103
Security Deposit	12,118				12,118
Restricted cash and cash equivalents					
Total assets	<u>\$ 3,195,485</u>	<u>\$ 418,133</u>	<u>\$ -</u>		<u>\$ 3,613,618</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Cash Overdraft		-			
Accrued expense	-		-		0
Accounts payable	839,930	152,788			992,718
Due to Newark Board of Ed.					0
Payable to federal government			-		0
Payable to state government	-				
Deferred revenue	-	265,346			265,346
Total liabilities	<u>839,930</u>	<u>418,134</u>	<u>-</u>		<u>1,258,064</u>
Fund Balances:					
Reserved for:					
Encumbrances					
Legally restricted -- unexpended additional spending proposal					
Legally restricted -- designated for subsequent year's expenditures					
Capital reserve account					
Excess surplus					
Excess surplus -- designated for Subsequent year's expenditures					
Other purposes					
Unreserved, reported in:					
General fund	2,355,554				2,355,554
Capital projects fund	-				-
Permanent fund					
Total Fund balances	<u>2,355,554</u>				<u>2,355,554</u>
Total liabilities and fund balances	<u>\$ 3,195,484</u>	<u>\$ 418,134</u>	<u>\$ -</u>		

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$1,174,766 and the accumulated depreciation is (\$ 304,511) 870,255

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 3)

Net assets of governmental activities \$ 3,225,809

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

**TEAM ACADEMY CHARTER SCHOOL**  
**Statement of Revenues, Expenditures, And Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2011**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Local sources:					
Local share	\$ 2,536,038				\$ 2,536,038
State Share	15,485,572				15,485,572
Other Restricted Miscellaneous Revenues					
Miscellaneous	831,251	2,031,602			2,862,853
Total - Local Sources	18,852,861	2,031,602			20,884,463
State sources	2,445,838	-			2,445,838
Federal sources		1,786,342			1,786,342
Total revenues	21,298,699	3,817,944			25,116,643
<b>EXPENDITURES</b>					
Current:					
Regular instruction	\$ 8,596,106	\$ 2,213,025			\$ 10,809,131
Support services- General Administrative	5,801,357	1,604,919			7,406,276
Support Services- School Admin/ operations plant se	4,646,565				4,646,565
On-behalf TPAF Social Security and Pension	1,024,675				1,024,675
Capital outlay	409,340				409,340
Total expenditures	20,478,043	3,817,944			24,295,987
Excess (Deficiency) of revenues over expenditures	820,656	-			820,656
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	788,333				
Transfers out	(788,333)				
Total other financing sources and uses	---				
<b>SPECIAL ITEM</b>					
Net change in fund balances					
Fund balance—July 1	1,534,898				1,534,898
Fund balance—June 30	\$ 2,355,554				\$ 2,355,554

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

**TEAM ACADEMY CHARTER SCHOOL  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended June 30, 2011**

**Total net change in fund balances - governmental funds (from B-2)** \$ 820,656

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	\$ (70,280)
Capital outlays	<u>513,801</u>

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	443,521
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<b>Change in net assets of governmental activities</b>	<u><u>\$ 1,264,177</u></u>
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**The accompanying Notes to the Basic Financial Statements are an integral part of this statement.**

## **PROPRIETARY FUNDS**

**TEAM ACADEMY CHARTER SCHOOL**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2011**

	<b>Business-type</b>
	<b>Activities</b>
	<b>Enterprise funds</b>
	<b>Food Service</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	
Investments	
Accounts receivable	123,250
Other receivables	
Total current assets	123,250
Total assets	123,250
<b>LIABILITIES</b>	
Current liabilities:	
Cash overdraft	70,857
Accounts Payable	52,393
Compensated absences	
Total current liabilities	123,250
Total liabilities	123,250
<b>NET ASSETS</b>	
Invested in capital assets net of related debt	
Restricted for:	
Capital projects	
Unrestricted	-
Total net assets	\$0

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

Exhibit B-5

**TEAM ACADEMY CHARTER SCHOOL**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**

		<b>Business-type Activities Enterprise Fund Food Service</b>
Operating revenues:		
Charges for services:		
Daily sales - Reimbursable programs and Special Lunch Program	\$	86,813
Special functions		
Total operating revenues		86,813
Operating expenses:		
Cost of sales		(854,507)
Salaries and Benefits		(159,860)
Total Operating Expenses		(1,014,367)
Operating income (loss)		(1,014,367)
Nonoperating revenues (expenses):		
State sources:		
State school lunch program		8,185
Federal sources:		
National school breakfast program		132,463
National school lunch program		404,900
After School Snack		117,306
Board Subsidy		264,700
Total nonoperating revenues (expenses)		927,554
Income (loss) before contributions & transfers		-
Capital contributions		
Transfers in (out)		
Change in net assets		0
Total net assets—beginning		0
Total net assets—ending	\$	-

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

**TEAM ACADEMY CHARTER SCHOOL**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**

**Exhibit B-6**

		<b>Business-type Activities Enterprise Funds</b>
		<b>Food Service</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$	86,814
Payments to employees and benefits		
Payments to suppliers		(965,258)
Net cash provided by (used for) operating activities		<u>(878,444)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State and Federal Sources		264,700
Operating subsidies and transfers to other funds		575,462
Net cash provided by (used for) non-capital financing activities		<u>840,162</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase In Fixed Assets		
Proceeds from sale/maturities of investments		
Net cash provided by (used for) investing activities		
Net increase (decrease) in cash and cash equivalents		(38,282)
Cash Balances—beginning of year		(32,575)
Cash Balances—end of year	\$	<u><u>(70,857)</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$	-
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
Depreciation and net amortization		
(Increase) decrease in accounts receivable, net		(87,391)
(Increase) decrease in inventories		
(Increase) decrease in USDA Communities		
Increase (decrease) in accounts payable		49,109
Increase (decrease) in accrued compensated absences		
Total adjustments		<u>(38,282)</u>
Net cash provided by (used for) operating activities	\$	<u><u>(38,282)</u></u>

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

## **FIDUCIARY FUNDS**

**Exhibit B-7**

**TEAM ACADEMY CHARTER SCHOOL  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2011**

**NOT APPLICABLE**

**Exhibit B-8**

**TEAM ACADEMY CHARTER SCHOOL  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Year Ended June 30, 2011**

**NOT APPLICABLE**

**NOTES TO THE FINANCIAL STATEMENTS**

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes To Financial Statements**  
**Year Ended June 30, 2011**

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

The financial statements of the TEAM Academy Charter School been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the TEAM Academy Charter School's accounting policies are described below.

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 significant changes in financial reporting and was first implemented by the TEAM Academy Charter School for the fiscal year ending June 30, 2003. In addition, the 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.

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

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

**A. Reporting Entity:**

The TEAM Academy Charter School is an instrumentality of the State of New Jersey, established to function as an education institution. The TEAM Academy Charter School Board of Trustees is responsible for the fiscal control of the TEAM Academy Charter School. An Executive Director is appointed by the TEAM Academy Charter School and is responsible for the administrative control of the TEAM Academy Charter School. Under existing statutes, the TEAM Academy Charter School's duties and powers include, but are not limited to the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The TEAM Academy Charter School Board of Trustees also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The accompanying financial statements present the government and its component units, entities for which the school is considered to be financially accountable. The TEAM Academy Charter School has no blended or discretely presented component units. Furthermore, the TEAM Academy Charter School is not includable in any other reporting entity as a component unit.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes To Financial Statements**  
**Year Ended June 30, 2011**

**B. Government-wide and Fund Financial Statements:**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the TEAM Academy Charter School and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *miscellaneous revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation:**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. All assets and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this measurement focus and basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available).

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes To Financial Statements**  
**Year Ended June 30, 2011**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation:**  
**(continued)**

Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the TEAM Academy Charter School considers revenues to be available if they are collected within 90 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures, which are recorded when payment is due and compensated absences and claims and judgments which are recorded only to the extent that there are expendable financial resources available.

Other items associated with the current fiscal period are all considered to susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the TEAM Academy Charter School.

The TEAM Academy Charter School reports the following major governmental funds:

The *general fund* is the TEAM Academy Charter School's primary operating fund. It accounts for all financial resources of the TEAM Academy Charter School, except those required to be accounted for in another fund.

The TEAM Academy Charter School reports the following major proprietary fund which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students.

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for private donations for scholarships. All resources of the fund, including any earnings on invested resources, may be used to support the intended purposes. There is no requirement that any portion of these resources be preserved as capital.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes To Financial Statements**  
**Year Ended June 30, 2011**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation:**  
**(continued)**

Private-sector standards of accounting and financial reporting issued by the Financial Accounting Standards Board (FASB) prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The TEAM Academy Charter School has elected not to follow FASB guidance issued subsequent to December 1, 1989.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* in the TEAM Academy Charter School - wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund includes the cost of sales and services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**D. Assets, Liabilities and Net Assets or Equity:**

**1. *Deposits and Investments***

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes To Financial Statements**  
**Year Ended June 30, 2011**

**D. Assets, Liabilities and Net Assets or Equity (continued):**

**2. *Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**3. *Inventories and Prepaid Items***

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as deferred revenue.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Accrued Liabilities and Payables**

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

**Net Assets**

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

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes To Financial Statements**  
**Year Ended June 30, 2011**

**D. Assets, Liabilities and Net Assets or Equity: (continued)**

**4. *Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business type activities columns in the government-wide financial statements. Capital assets are defined by the TEAM Academy Charter School as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method.

**5. *Fund Reserve Restrictions, Commitments and Assignments***

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

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the Charter School's highest level of decision-making authority.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes To Financial Statements**  
**Year Ended June 30, 2011**

**D. Assets, Liabilities and Net Assets or Equity: (continued)**

**Fund Reserves Restrictions, Commitments and Assignments (continued)**

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Charter School has no funds restricted at June 30, 2011.

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

The Board of Trustees has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the members of the Board of Trustees at a public meeting of that governing body. The Board of Trustees must also utilize a formal motion or a resolution passed by a majority of the members of the Board of Trustees at a public meeting of that governing body in order to remove or change the commitment of resources. The Charter School has no committed resources at June 30, 2011.

The assignment of resources is generally made by the Board of Trustees through a motion or a resolution passed by a majority of the members of the Board of Trustees. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Trustees may allow an official of the Charter School to assign resources through policies adopted by the Board of Trustees. The Charter School has no assigned resources at June 30, 2011.

**Reserve for Encumbrances** - This reserve is created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts awarded for which the goods or services have not yet been received at June 30. There were no reserve for encumbrance at June 30, 2011.

**Reserve for Capital Reserve Account** - This reserve is created by budget appropriation to fund future capital expenditures.

**Reserve for Legally Restricted - Designated for Subsequent Year's Expenditures** - This reserve is created to represent the portion of fund balance at June 30, 2011 restricted and utilized in the adopted subsequent year's budget. At June 30, 2011 there were no reserves.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes To Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

No difference noted.

**NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information:**

In accordance with the requirements of the New Jersey Department of Education, the TEAM Academy Charter School annually prepares its operating budget for the forthcoming year. The budget, except for the special revenue fund, which is more fully explained below, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The budget is submitted to the county superintendent and is voted upon by the Board of Trustees. Budget adoptions and amendments are recorded in the TEAM Academy Charter School minutes.

The budget is properly amended by the TEAM Academy Charter School trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount.

The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. The school approved several budget transfers during 2010/2011.

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

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes To Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

**A. Budgetary Information: (continued)**

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 fund from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.

	<u>Revenues</u>	<u>Expenditures</u>	<u>Operating In</u>	<u>Transfers Out</u>
Budgetary Basis	\$3,817,944	\$3,817,944	-	-
Adjustments:	-	-	-	-
Add encumbrances at June 30, 2010	-	-	-	-
Less encumbrances at June 30, 2011	-	-	-	-
GAAP Basis	<u>\$3,817,944</u>	<u>\$3,817,944</u>	-	-

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation.

Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes To Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

**A. Capital Reserve Account:**

Funds placed in the capital reserve account are restricted to capital projects in the TEAM Academy Charter School's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR).

**NOTE 4. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

**Deposits**

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking Institution that is a member of the Federal Reserve System, and has capital funds of not less than \$25,000,000.00. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

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

	<b><u>General Fund</u></b>	<b><u>Special Revenue</u></b>	<b><u>Enterprise Fund</u></b>	<b><u>Total</u></b>
Operating Account	\$3,080,745	\$110,652	(\$70,857)	\$3,120,540

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

**Category 2** - Collateralized with securities held by the pledging financial institutions trust department or agent in the Board's name.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes To Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 4. DETAILED NOTES ON ALL FUNDS**

**B. Deposits and Investments (continued)**

**Deposits (continued)**

**Category 3** - Uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the TEAM Academy Charter School's name.

	<u>1</u>	<u>Category</u> <u>2</u>	<u>3</u>	<u>Bank</u> <u>Balance</u>
Deposits	\$3,120,540	\$ 0	\$ 0	\$3,120,540

The TEAM Academy Charter School's cash deposits as June 30, 2011 were entirely covered by the Federal Deposit Insurance Corporation (F.D.I.C.) or by the pledged collateral pool maintained by the banks as required by New Jersey statutes.

**Investments**

New Jersey statutes permit the TEAM Academy Charter School to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States of America.
- b. Government Money Market Mutual Funds.
- c. Any obligations that a federal agency or a federal instrumentality has issued, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest.
- d. Bonds or other obligations of the TEAM Academy Charter School or bonds or other obligations of the local unit or units which the school district is located.
- e. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, that are approved by the New Jersey Department of Treasury, Division of Investments.
- f. Local Government investment pools.
- g. Agreements or the repurchase of fully collateralized securities, if transacted in accordance with N.J.S.A. 18A:20-37.

The TEAM Academy Charter School had no outstanding investments at June 30, 2011.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes To Financial Statements**  
**Year Ended June 30, 2011**

**Investments (continued)**

Receivables as of year-end for the government's individual major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Accounts	<u>\$102,622</u>	<u>\$307,481</u>	<u>\$123,250</u>	<u>\$533,353</u>
Gross Receivables	<u>\$102,622</u>	<u>\$307,481</u>	<u>\$123,250</u>	<u>\$533,353</u>

**C. Deferred Revenue**

Deferred Revenue represents funds which have been received but not yet earned.

There is no deferred revenue in the general fund.

Special Revenue – deferred revenue to be utilized in 2011-2012.

Charles Hayden Foundation Grant	\$200,000
Hyde and Watson Grant	17,000
Education Pioneers Grant	14,000
PJ Award Grant	10,075
Deferred New Leader for Fiscal Year 2012	2,215
Deferred Dissemination Grant to FY11	22,056
Total:	<u>\$ 265,346</u>

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes To Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 4. DETAILED NOTES ON ALL FUNDS (continued)**

**C. Capital Assets**

Capital assets as at the year ended June 30, 2011 was as follows:

**Primary Government:**

	<b><u>Balance at June 30, 2011</u></b>
<b>Governmental activities:</b>	
Capital assets, not being depreciated:	\$ -
Land	<u>-</u>
Total capital assets, not being depreciated	<u>\$ -</u>
 <b>Capital assets, being depreciated:</b>	
Leasehold Improvements	451,271
School equipment	<u>723,495</u>
Total capital assets being depreciated	<u>\$1,174,766</u>
 <b>Less accumulated depreciation for:</b>	
Total accumulated depreciation	<u>(\$304,511)</u>
 Total capital assets, being depreciated, net all funds	 <u>\$870,255</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental activities:</b>	
Total depreciation expense - governmental activities	<u>\$70,280</u>

Capital assets are depreciated in the financial statements using the straight-line method over the estimated useful life of the asset.

**D. Interfund Receivables, Payables, and Transfers:**

As of June 30, 2011, there were no interfund transactions reflected.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes To Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 5. OTHER INFORMATION**

**A. Contingent Liabilities**

The TEAM Academy Charter School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the TEAM Academy Charter School may be required to reimburse the grantor government. As of June 30, 2011, significant amounts of grant expenditures have not been audited by the various grantor agencies but the TEAM Academy Charter School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the TEAM Academy Charter School.

The TEAM Academy Charter School's attorney's letter advises that there is no litigation, pending litigation claims, contingent liabilities, unasserted claims for assessments or statutory violations which involved the TEAM Academy Charter School and which might materially affect the TEAM Academy Charter School's financial position.

**B. Employee Retirement Systems and Pension Plans**

**Plan Description**

Substantially all of the TEAM Academy Charter School's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund retirement system is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statutes, all employer contributions are made jointly by the State of New Jersey and the TEAM Academy Charter School. The Public Employees Retirement System is considered a cost-sharing multiple-employer plan.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes To Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 5. OTHER INFORMATION (continued)**

**B. Employee Retirement Systems and Pension Plans (continued)**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible school employees.

Public Employees' Retirement System (PERS) -Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

Teachers' Pension and Annuity Fund (TPAF) -Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

**Other Pension Funds**

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system. According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trusts.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes To Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 5. OTHER INFORMATION (continued)**

**B. Employee Retirement Systems and Pension Plans (continued)**

**Other Pension Funds (continued)**

The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**Investment Valuation**

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**Significant Legislation**

P.L. 2010, c. 1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement system.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes To Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 5. OTHER INFORMATION (continued)**

**B. Employee Retirement Systems and Pension Plans (continued)**

**Significant Legislation (continued)**

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/71<sup>th</sup> of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

**Funding Status and Funding Progress**

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 72.1 percent and \$15.1 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes To Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 5. OTHER INFORMATION (continued)**

**B. Employee Retirement Systems and Pension Plans (continued)**

**Funding Status and Funding Progress (continued)**

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the June 30, 2009 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 5.5% for PERS, 5.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes To Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 5. OTHER INFORMATION (continued)**

**B. Employee Retirement Systems and Pension Plans (continued)**

**Annual Pension Costs (APC) (continued)**

PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$681,572 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the school wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**C. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund - State classified as a single employer plan. The SHBP-Local, PDP-Local and the PRM of the TPAF are combined and reported as Health Benefits Program Fund -Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 514 state and local participating employers and contributing entities for Fiscal Year 2010.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes To Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 5. OTHER INFORMATION (continued)**

**C. Post-Retirement Medical Benefits (continued)**

**Health Benefits Program Fund (HBPF) - Local Education** (including Prescription Drug Program Fund) - The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

**Significant Legislation**

P.L. 2010, c.2 effective May 21, 2010, makes changes to the SHBP-State/Local Government/Local Education concerning eligibility, cost sharing, choice of a plan, the application of benefit changes, the waiver of coverage, and multiple coverage under such plans. It also requires contributions toward the cost of health care benefits coverage by public employees and certain retirees.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes To Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 5. OTHER INFORMATION (continued)**

**C. Post-Retirement Medical Benefits (continued)**

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

**Funded Status and Funding Progress**

As of June 30, 2009, the most recent actuarial valuation date, the State had a \$56.8 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$20.5 billion for state active and retired members and \$36.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the June 30, 2009, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes To Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 5. OTHER INFORMATION (continued)**

**C. Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers Pension and Annuity Fund (TPAF) and Public Employees Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2010, there were 87,288 retirees receiving post-retirement medical benefits and the State contributed \$883.8 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P .L. 1994, c.62. Funding of post-retirement medical benefits 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 with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

The State sets the contribution rate based on a pay as you go basis and not on *the annual required contribution of the employers* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School for the year ended June 30, 2011, was not determined or made available by the State of New Jersey. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf the School District was not determined or made available by the State of New Jersey.

**NOTE 6. RISK MANAGEMENT**

The TEAM Academy 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. The 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.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes To Financial Statements**  
**Year Ended June 30, 2011**

**NOTE 7. LONG-TERM LEASES**

The school leases its premises under the terms of a non-cancelable lease. Rent expense for the year ended June 30, 2011 amount to \$1,616,070. Future obligations over the primary terms of the long-term lease is as follows:

**NOTE 8. SUBSEQUENT EVENTS**

The school has evaluated subsequent events occurring after the balance sheet through the date of September 29, 2011, which is the date the financial statements were available to be issued. Based on this evaluation, the school has determined no subsequent events require disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BUDGETARY COMPARISON SCHEDULES**

**TEAM ACADEMY CHARTER SCHOOL**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For The Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Share	\$ 2,683,364	\$ (147,171)	\$ 2,536,193	\$ 2,536,038	155
State Share	15,953,337	90,123	\$ 16,043,460	15,485,572	557,888
Other Restricted Miscellaneous Revenues	-	-	\$ -	-	-
Miscellaneous	244,197	366,138	610,335	831,251	(220,916)
Total - Local Sources	<u>18,880,898</u>	<u>309,090</u>	<u>19,189,988</u>	<u>18,852,861</u>	<u>337,127</u>
Categorical Aid					
Technology Aid Funds	-	-	-	-	-
Special Education Aid	285,991	675,115	961,106	537,959	423,147
T& E Gap	-	-	-	548,888	-
Demonstrably Effective	-	-	-	-	(548,888)
Non-Public Aid	-	334,316	334,316	334,316	-
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	343,103	(343,103)
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	681,572	(681,572)
Total State Sources	<u>285,991</u>	<u>1,009,431</u>	<u>1,295,422</u>	<u>2,445,838</u>	<u>(1,150,416)</u>
Federal Sources:					
Impact Aid					
Medical Assistance Program					
Total - Federal Sources					
<b>Total Revenues</b>	<u>19,166,889</u>	<u>1,318,521</u>	<u>20,485,410</u>	<u>21,298,699</u>	<u>(813,289)</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Teachers Salary	\$ 6,959,688	(182,975)	6,776,713	6,774,926	1,787
Other Salaries	389,400	(91,331)	298,069	288,553	9,516
Prof/Tech Services	30,000	(524)	29,476	25,638	3,838
Other Purchased Services	-	-	-	-	0
General Supplies	962,945	248,792	1,211,737	1,025,359	186,378
Textbooks	259,000	(85,602)	173,398	170,278	3,120
Other Objects	1,075,260	(526,631)	548,629	311,352	237,277
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<u>9,676,293</u>	<u>(638,271)</u>	<u>9,038,022</u>	<u>8,596,106</u>	<u>441,916</u>

TEAM ACADEMY CHARTER SCHOOL  
Budgetary Comparison Schedule  
General Fund  
For The Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Support Services - General Administrative</b>					
Salaries of Administrative Salaries	2,591,753	134,960	2,726,713	2,687,359	39,354
Salaries of Secretarial and Clerical Assistants	304,413	2,714	307,127	307,127	0
Cost of Benefits	464,471	2,035,724	2,500,195	1,814,178	686,017
Other Purchased Services	-	-	-	-	0
Consultants	-	-	-	-	0
Purchased Professional and Technical Services	257,060	(2,559)	254,501	244,540	9,961
Communications/Telephone	84,657	284,079	368,736	79,637	289,099
Interest on Current Loans	-	-	-	-	0
Supplies and Materials	303,329	(66,425)	236,904	209,610	27,294
Other Objects	886,853	(273,282)	613,571	458,906	154,665
	<u>4,892,536</u>	<u>2,115,211</u>	<u>7,007,747</u>	<u>5,801,357</u>	<u>1,206,390</u>
<b>Support Services - School Admin/Operation Plant Services</b>					
Salaries	1,542,015	(26,768)	1,515,247	1,473,593	41,654
Purchased Professional and Technical Services	352,122	(11,775)	340,347	330,913	9,434
Other Purchased Services	405,404	(38,857)	366,547	306,888	59,659
Rental of Land and Building- other than Lease Purchase Agreements	2,190,580	(56,664)	2,133,916	2,131,089	2,827
Insurance	82,115	(66,236)	15,879	15,879	0
General Supplies	74,878	6,516	81,394	52,344	29,050
Transportation- Trips	60,410	(14,750)	45,660	43,420	2,240
Energy (Energy and Electricity)	162,000	144,607	306,607	285,635	20,972
Other Objects	8,000	(140)	7,860	6,804	1,056
<b>Total Undist. Expend. - Other Oper. &amp; Maint. Of Plant</b>	<u>4,877,524</u>	<u>(64,067)</u>	<u>4,813,457</u>	<u>4,646,565</u>	<u>166,892</u>
<b>Food Service</b>					
Board Subsudy		-	-	-	
Other Purchsed Services		-	-	-	
<b>Total Food Services</b>		-	-	-	
On-behalf TPAF pension Contributions (non-budgeted)				343,103	(343,103)
Reimbursed TPAF Social Security Contributions (non-budgeted)				681,572	(681,572)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,024,675</u>	<u>(1,024,675)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>					
	<u>9,770,060</u>	<u>2,051,144</u>	<u>11,821,204</u>	<u>11,472,597</u>	<u>348,607</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>19,446,353</u>	<u>1,412,873</u>	<u>20,859,226</u>	<u>20,068,703</u>	<u>790,523</u>

TEAM ACADEMY CHARTER SCHOOL  
Budgetary Comparison Schedule  
General Fund  
For The Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
<b>Regular Programs - Instruction:</b>					
Instructional Equipment	235,000	(81,758)	153,242	151,089	2,153
Non-Instructional Equipment	-	-	-	-	-
Miscellaneous	273,869	(12,594)	261,275	258,251	3,024
<b>Total Equipment</b>	<u>508,869</u>	<u>(94,352)</u>	<u>414,517</u>	<u>409,340</u>	<u>5,177</u>
<b>TOTAL EXPENDITURES- GENERAL FUND</b>	19,955,222	1,318,521	21,273,743	20,478,043	795,700
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(788,333)</u>	-	<u>(788,333)</u>	820,656	<u>(1,608,989)</u>
				-	
<b>Other Financing Sources:</b>					
<b>Operating Transfer In:</b>	<u>788,333</u>	-	<u>788,333</u>	-	<u>788,333</u>
<b>Total Other Financing Sources:</b>	<u>788,333</u>	-	<u>788,333</u>	-	<u>788,333</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	-	-	-	820,656	(820,656)
<b>Fund Balance, July 1</b>	-	-	1,534,898	1,534,898	
<b>Fund Balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,534,898</u>	<u>\$ 2,355,554</u>	<u>\$ (820,656)</u>

**TEAM ACADEMY CHARTER SCHOOL**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources	\$ 1,786,342		\$ 1,786,342	\$ 1,786,342	
State Sources	-		-	-	
Federal Sources	2,031,602		2,031,602	2,031,602	
<b>Total Revenues</b>	<u>3,817,944</u>		<u>3,817,944</u>	<u>3,817,944</u>	
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	1,107,970		1,107,970	1,107,970	
Other Salaries for Instruction	118,509		118,509	118,509	
Purchased Professional Services			-	-	
Purchased Professional and Technical Services	-		-	-	
Travel			-	-	
Transportation			-	-	
General Supplies	88,475		88,475	88,475	
Personal Services- Employee Benefits	253,584		253,584	253,584	
Trip Expense	-		-	-	
Textbooks	18,782		18,782	18,782	
Field Lesson	625,705		625,705	625,705	
<b>Total Instruction</b>	<u>2,213,025</u>		<u>2,213,025</u>	<u>2,213,025</u>	
<b>Support Services</b>					
Salaries of Supervisor of Instruction	498,660		498,660	498,660	
Salaries of Social Worker	21,760		21,760	21,760	
Salaries of Clerical			-	-	
Salaries of Secretaries & Clerical Assistants	107,814		107,814	107,814	
Other purchased Services (400-500 series)	5,542		5,542	5,542	
Personal Services - Employee Benefits	124,950		124,950	124,950	
Professional Development	262,492		262,492	262,492	
Supplies and Materials	11,618		11,618	11,618	
Scholarships	-		-	-	
School Transportation	397,897		397,897	397,897	
Transportation and Travel Expenses	-		-	-	
Rent	8,731		8,731	8,731	
Travel			-	-	
Summer Opportunities	49,519		49,519	49,519	
Capital Outlay	115,936		-	-	
<b>Total Support Services</b>	<u>1,604,919</u>		<u>1,604,919</u>	<u>1,604,919</u>	

TEAM ACADEMY CHARTER SCHOOL  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Buildings Improvements					
Instructional Equipment					
Noninstructional Equipment					
<b>Total Facilities Acquisition and Construction Services</b>					
<b>Transfer to Charter School</b>					
Total Expenditures	3,817,944		3,817,944	3,817,944	
<b>Other Financing Sources (Uses)</b>					
Transfer in from General Fund					
Transfer Out to Whole School Reform (General Fund)					
<b>Total Other Financing Sources (Uses)</b>					
<b>Total Outflows</b>					
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>					

**NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION**

**TEAM ACADEMY CHARTER SCHOOL**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Note to RSI**  
**For the Fiscal Year Ended June 30, 2011**

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

The general fund budget and the special revenue budget basis are GAAP, therefore no reconciliation is required

## **SPECIAL REVENUE FUND**

Special Revenue Funds are used to account for the proceeds of special revenue resources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

**TEAM ACADEMY CHARTER SCHOOL**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures- Budgetary Basis**  
**For the Year Ended June 30, 2011**

	TOTAL	NCLB 2011			NCLB	TITLE	CSP	Dissim.	Charter	Newark	Friends	Friends	Walton	Total
		TITLE	TITLE	Title	Title IA	VI			School	Charter	Of	Of		
		I	IIA	IID	ARRA	IDEA	Grant	Grant	Growth	School	Of	Of	Fund	E-2
									Fund	Fund	TEAM	TEAM	Fund	
<b>REVENUES</b>														
Intergovernmental														
State														
Federal	1,786,342	877,337	8,343	616	490,534	214,023	118,291	77,198						
Other Sources	0													
Miscellaneous	2,031,602								600,000	129,430	374,325	86,304	52,439	789,104
Total Revenues	3,817,944	877,337	8,343	616	490,534	214,023	118,291	77,198	600,000	129,430	374,325	86,304	52,439	789,104
<b>EXPENDITURES</b>														
Instruction														
Salaries	1,107,970	621,683	0	0	308,778	127,509								50,000
Teaching Fellowship Salaries	118,509				100,000		7,639	10,870						
Transportation	0													
Personal Services	0													
Purchased Prof. and Tech. Services	0													
General Supplies	88,475						38,904				11,250		22,696	15,625
Textbooks	18,782						13,783		3,078				0	1,921
Personal Services - Employee Benefits	253,584	136,157	0	0	81,756	35,671		0	0					
Field Lesson	625,705						15,278		277,370				7,421	325,636
Total Instruction	2,213,025	757,840	0	0	490,534	163,180	75,604	10,870	280,448	0	0	11,250	30,117	393,182
Support Services														
Salaries of Supervisors of Instruction	498,660	109,404	6,952	539		29,083	8,125	52,392	31,507					260,658
Salaries of Social Worker	21,760		0			21,760								
Salaries Clerical	107,814									107,814				
Other Purchased Services	5,542			0				1,284	4,258					
Professional Development	262,492						7,787		204,756		0	34,124		15,825
Rent	8,731								4,734	3,043				954
Supplies and Materials	11,618								11,618					
Scholarships	0													
Purchased Prof. and Tech. Services	0													
School Transportation	397,897								1,250		374,325	0	22,322	
Furniture and Fixtures	115,936						26,775							89,161
Summer Opportunities	49,519								34,546			0		14,973
Benefits	124,950	10,093	1,391	77				12,652	26,883	18,573		40,930		14,351
Total Support Services	1,604,919	119,497	8,343	616	0	50,843	42,687	66,328	319,552	129,430	374,325	75,054	22,322	395,922
<b>TOTAL EXPENDITURES</b>	<b>3,817,944</b>	<b>877,337</b>	<b>8,343</b>	<b>616</b>	<b>490,534</b>	<b>214,023</b>	<b>118,291</b>	<b>77,198</b>	<b>600,000</b>	<b>129,430</b>	<b>374,325</b>	<b>86,304</b>	<b>52,439</b>	<b>789,104</b>

**TEAM ACADEMY CHARTER SCHOOL**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures- Budgetary Basis**  
**For the Year Ended June 30, 2011**

	TOTAL	Victoria Foundation	Hyde and Watson Foundation	Kipp Foundation	NJ School Board Grant	New Leaders For New Schools	Zander Family Found.	Cummings Memorial Fund	Turrell Fund	MCI Amelior Foundation	Calder F Foundation Grant	PJ Award Grant
<b>REVENUES</b>												
Intergovernmental												
State												
Federal												
Other Sources												
Miscellaneous	789,104	14,000	15,000	75,825	4,464	76,484	2,500	50,000	150,000	58,222	340,609	2,000
Total Revenues	789,104	14,000	15,000	75,825	4,464	76,484	2,500	50,000	150,000	58,222	340,609	2,000
<b>EXPENDITURES</b>												
Instruction												
Salaries	50,000							50,000				
Fellow Salaries	0											
Transportation	0											
Personal Services	0											
Purchased Prof. and Tech. Services	0											
General Supplies	15,625	12,079				0	1,546					2,000
Textbooks	1,921	1,921										
Personal Services - Employee Benefits	0											
Field Lesson	325,636										325,636	
Total Instruction	393,182	14,000	0	0	0	0	1,546	50,000	0	0	325,636	2,000
Support Services												
Salaries of Supervisors of Instruction	260,658			58,968		63,165			138,525			
Salaries of Clerical/Secretarial	0											
Other Purchased Services	0											
Professional Development	15,825			15,825								
Supplies and Materials	954						954					
Scholarships	0											
Purchased Prof. and Tech. Services	0											
School Transportation	0											
Furniture and Fixtures	89,161		15,000		4,464				11,475	58,222		
Summer Opportunities	14,973										14,973	
Benefits	14,351			1,032		13,319						
Capital Outlay	0							0		0	0	0
Total Support Services	395,922	0	15,000	75,825	4,464	76,484	954	0	150,000	58,222	14,973	0
<b>TOTAL EXPENDITURES</b>	<b>789,104</b>	<b>14,000</b>	<b>15,000</b>	<b>75,825</b>	<b>4,464</b>	<b>76,484</b>	<b>2,500</b>	<b>50,000</b>	<b>150,000</b>	<b>58,222</b>	<b>340,609</b>	<b>2,000</b>

## **PROPRIETARY FUNDS**

## **ENTERPRISE FUND**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the cost of providing goods and services be financed through user charges or where the board has decided that periodical determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Food Service Fund** - The fund provides for the operation of food services in all schools.

**Exhibit G-1**  
**TEAM ACADEMY CHARTER SCHOOL**  
**Statement of Net Assets**  
**For the Fiscal Year Ended June 30, 2011**

	<u>Business- Type Activities</u>
	<u>Enterprise Fund</u>
	<u>Food Services</u>
<b>ASSETS</b>	
Current Assets	
Cash	\$0
Intergovernmental Receivable	
Federal	115,701
State	7,048
Accounts Receivable	501
Inventory	
Total Current Assets	<u>123,250</u>
Equipment	
Accumulated Depreciation	
Fixed Assets (Net of Accumulated Depreciation)	
Total Assets	<u>123,250</u>
<b>LIABILITIES</b>	
Current Liabilities	
Cash Overdraft	\$70,857
Accounts Payable	<u>52,393</u>
Total Current Liabilities	<u>123,250</u>
Net Assets	
Unrestricted	0
Invested in capital assets net of related debt	
Total Net Assets	<u>\$0</u>

Exhibit G-2

**TEAM ACADEMY CHARTER SCHOOL**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Fund**  
**For the Fiscal Year Ended June 30, 2011**

	<b>Business-Type Activities</b>
	Enterprise Fund Food Services
<b>OPERATING REVENUES</b>	
Local Sources	
Daily Sales - Reimbursable Programs	
Special Lunch and Breakfast Program	\$86,813
Special Functions	
Total Operating Revenues	86,813
<b>OPERATING EXPENSES</b>	
Salaries, wages and employee benefits	159,860
Supplies, Materials & Other	854,507
Professional Fee	
Depreciation	
Cost of Sales	
Total Operating Expenses	1,014,367
Income (Loss) From Operations	927,554
Nonoperating Revenues	
State Sources	
State Sources	8,185
Federal Sources	
School Breakfast Program	132,463
National School Lunch Program	404,900
After School Snack	117,306
Board Subsidy	264,700
Total Nonoperating Revenues	927,554
Net Income (Loss)	0
Total Net Assets- Beginning of Year	0
Total Net Assets- End of Year	\$0

**TEAM ACADEMY CHARTER SCHOOL**  
**Statements of Cash Flows**  
**For the Fiscal Year Ended June 30, 2011**

	<u><b>2011</b></u>
Cash flows from operating activities	
Cash Received from Customers	86,814
Cash Payments to Employee's Salaries and Benefits	
Cash Payments to Suppliers for Goods and Services	(965,258)
Net Cash (Used) by Operating Activities	<u>(878,444)</u>
 Cash Flows from Noncapital Financing Activities	
Cash Received from General Fund Transfer (Contribution)	264,700
Cash Received from State and Federal Subsidy Reimbursements	575,462
Net Cash Provided by Noncapital Financing Activities	<u>840,162</u>
 Cash Flows from Investing Activities	
Net Cash Provided by Investing Activities	
Net Increase in Cash and Cash Equivalents	(38,282)
Cash and Cash Equivalents, Beginning of Year	(32,575)
Cash and Cash Equivalents, End of Year	<u><u>(\$70,857)</u></u>
 Reconciliation of Operating (Loss) to Net Cash	
Used by Operating Activities	
Operating (Loss)	\$0
Adjustments to Reconcile Operating (Loss) to	
Net Cash Used by Operating Activities	
Depreciation	
Increase in Accounts Receivable	(87,391)
USDA Commodities	
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	49,109
Increase/(Decrease) in Deferred Revenue	
Increase/(Decrease) in Compensated Absences	
Increase/(Decrease) in Inventory	
Total Adjustment	<u>(38,282)</u>
 Net Cash Used by Operating Activities	<u><u>(\$38,282)</u></u>

## **FIDUCIARY FUNDS**

**TEAM ACADEMY CHARTER SCHOOL**  
**Combining Statement of Agency Fund Net Assets**  
**Fiduciary Funds**  
**As of June 30, 2011**

	<u>Payroll</u> <u>Agency</u>	<u>Payroll</u> <u>Account</u>	<u>Flex</u> <u>Spending</u>	<u>TOTAL</u>
<b>ASSETS</b>				
Cash	\$2,647	\$98,649	\$10,180	\$111,476
Total Assets	\$2,647	\$98,649	\$10,180	\$111,476
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Intergovernmental Payble - State				
Payroll Deductions and Withholdings	2,647	98,649	10,180	111,476
Accrued Salaries and Wages				
Due to Student Groups				
Total Liabilities	2,647	98,649	10,180	111,476
Fund Balances				
Reserve For Unemploy. Trust Fund				
Total Fund Balances				
Total Liabilities and Fund Balances	\$0	\$0	\$0	\$0

**Exhibit H-2**

**TEAM ACADEMY CHARTER SCHOOL  
Nonexpendable Trust Fund  
Combining Statement of Agency Fund Net Assets  
Fiduciary Funds  
As of June 30, 2011**

**NOT APPLICABLE**

**Exhibit H-3**

**TEAM ACADEMY CHARTER SCHOOL  
Student Activity Agency Fund  
Schedule of Receipts and Disbursements  
Fiduciary Funds  
For the Year Ended June 30, 2011**

**NOT APPLICABLE**

**TEAM ACADEMY CHARTER SCHOOL**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2011**

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>ASSETS</b>				
Cash and Cash Equivalents		\$15,743,839	\$15,743,839	
Total Assets		15,743,839	15,743,839	
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings		6,189,638	6,189,638	
Accrued Salaries and Wages		9,554,201	9,554,201	
Total Liabilities		\$15,743,839	\$15,743,839	

**Exhibit H-5**

**TEAM ACADEMY CHARTER SCHOOL  
Unemployment Compensation Insurance Trust Fund  
Statement of Receipts and Disbursements  
Fiduciary Funds  
For the Year Ended June 30, 2011**

**NOT APPLICABLE**

## **FINANCIAL TRENDS**

**TEAM ACADEMY CHARTER SCHOOL  
NET ASSETS BY COMPONENT  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental activities						
Invested in capital assets, net of related debt	\$ 870,255	\$ 426,734	\$ 436,902	\$ 395,409	\$ 366,076	\$ 386,756
Restricted					-	-
Unrestricted	2,355,554	1,534,898	1,733,406	647,280	142,453	168,515
Total governmental activities net assets	<u>\$ 3,225,809</u>	<u>\$ 1,961,632</u>	<u>\$ 2,170,308</u>	<u>\$ 1,042,689</u>	<u>\$ 508,529</u>	<u>\$ 555,271</u>
Business-type activities					\$ -	\$ -
Invested in capital assets, net of related debt					-	-
Restricted					-	-
Unrestricted					<u>\$ -</u>	<u>\$ -</u>
Total business-type activities net assets						
School-wide	\$ 870,255	\$ 426,734	\$ 436,902	\$ 395,409	\$ 366,076	\$ 386,756
Invested in capital assets, net of related debt					-	-
Restricted	2,355,554	1,534,898	1,733,406	647,280	142,453	168,515
Unrestricted	<u>\$ 3,225,809</u>	<u>\$ 1,961,632</u>	<u>\$ 2,170,308</u>	<u>\$ 1,042,689</u>	<u>\$ 508,529</u>	<u>\$ 555,271</u>
Total school net assets						

**TEAM ACADEMY CHARTER SCHOOL  
CHANGES IN NET ASSETS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Expenses</b>						
Governmental activities						
Instruction						
Regular	\$10,809,131	\$8,682,919	\$5,268,078	\$4,010,599	\$2,348,359	\$1,615,628
Support Services:						
General administration	7,406,276	5,865,142	3,984,681	1,834,507	983,853	604,684
School Administrative Services	4,646,565	3,582,598	2,269,747	1,965,653	1,862,462	1,256,703
On-behalf TPAF Social Security	681,572	496,064	331,137	205,010	124,814	106,352
Capital outlay	409,340	44,274	88,828	83,898	33,316	15,570
Unallocated depreciation	70,280	54,442	47,335	34,583	27,934	26,911
Total governmental activities expenses	<u>24,023,164</u>	<u>18,725,439</u>	<u>11,989,806</u>	<u>8,134,250</u>	<u>5,380,738</u>	<u>3,625,848</u>
Business-type activities:						
Food service	927,554	781,029	541,003	388,724	253,174	204,351
Child Care	-	-	-	-	-	-
Total business-type activities expense	<u>927,554</u>	<u>781,029</u>	<u>541,003</u>	<u>388,724</u>	<u>253,174</u>	<u>204,351</u>
Total school expenses	<u>\$24,950,718</u>	<u>\$19,506,468</u>	<u>\$12,530,809</u>	<u>\$8,522,974</u>	<u>\$5,633,912</u>	<u>\$3,830,199</u>
<b>Program Revenues</b>						
Governmental activities:						
Charges for services:						
Instruction (tuition)	\$0	\$0	\$0	\$0	\$0	\$0
Pupil transportation	-	-	-	-	-	-
Central and other support services	-	-	-	-	-	-
Operating grants and contributions	3,817,944	2,113,290	1,451,715	1,597,631	603,685	336,193
Capital grants and contributions	-	-	-	-	-	-
Total governmental activities program revenues	<u>3,817,944</u>	<u>2,113,290</u>	<u>1,451,715</u>	<u>1,597,631</u>	<u>603,685</u>	<u>336,193</u>
Business-type activities:						
Charges for services						
Food service	927,554	781,029	541,003	388,724	253,174	204,351
Child care	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-
Total business type activities program revenues	<u>927,554</u>	<u>781,029</u>	<u>541,003</u>	<u>388,724</u>	<u>253,174</u>	<u>204,351</u>
Total school program revenues	<u>\$4,745,498</u>	<u>\$2,894,319</u>	<u>\$1,992,718</u>	<u>\$1,986,355</u>	<u>\$856,859</u>	<u>\$540,544</u>
<b>Net (Expense)/Revenue</b>						
Governmental activities	(\$20,205,220)	(\$16,612,149)	(\$10,538,091)	(\$6,536,619)	(\$4,777,053)	(\$3,289,655)
Business-type activities	-	-	-	-	-	-
Total school-wide net expense	<u>(\$20,205,220)</u>	<u>(\$16,612,149)</u>	<u>(\$10,538,091)</u>	<u>(\$6,536,619)</u>	<u>(\$4,777,053)</u>	<u>(\$3,289,655)</u>

**TEAM ACADEMY CHARTER SCHOOL  
CHANGES IN NET ASSETS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011**

**General Revenues and Other Changes in Net Assets**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental activities:						
Local share	\$2,536,038	\$1,978,975	\$1,404,703	\$1,559,685	\$857,301	\$537,757
State Share	15,485,572	12,682,970	8,638,026	3,804,599	2,699,210	1,743,293
State aid	2,102,735	1,289,871	1,211,373	1,311,556	888,598	740,594
Miscellaneous income	831,251	407,383	322,780	331,023	277,948	138,259
Increase in Net Capital Outlay	513,801	44,274	88,828	206,369	33,316	30,570
Investment earnings				-	-	-
Miscellaneous income				-	-	-
Transfers				-	-	-
Total governmental activities	<u>21,469,397</u>	<u>16,403,473</u>	<u>11,665,710</u>	<u>7,213,232</u>	<u>4,756,373</u>	<u>3,190,473</u>
Business-type activities:						
Investment earnings				-	-	-
Transfers				-	-	-
Total business-type activities				<u>-</u>	<u>-</u>	<u>-</u>
Total school-wide	<u>\$21,469,397</u>	<u>\$16,403,473</u>	<u>\$11,665,710</u>	<u>\$7,213,232</u>	<u>\$4,756,373</u>	<u>\$3,190,473</u>
<b>Change in Net Assets</b>						
Governmental activities	\$1,264,177	(\$208,676)	\$1,127,619	\$676,613	(\$20,680)	(\$99,182)
Business-type activities				-	-	-
Total school	<u>\$1,264,177</u>	<u>(\$208,676)</u>	<u>\$1,127,619</u>	<u>\$676,613</u>	<u>(\$20,680)</u>	<u>(\$99,182)</u>

**TEAM ACADEMY CHARTER SCHOOL  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund						
Reserved					\$ -	\$ -
Unreserved	2,355,554	1,534,898	1,733,406	647,280	142,453	168,515
Total general fund	<u>\$ 2,355,554</u>	<u>\$ 1,534,898</u>	<u>\$ 1,733,406</u>	<u>\$ 647,280</u>	<u>\$ 142,453</u>	<u>\$ 168,515</u>
All Other Governmental Funds						
Reserved	--	--	--	--	\$ -	\$ -
Unreserved, reported in:						
Special revenue fund						
Capital projects fund						
Debt service fund						
Permanent fund						
Total all other governmental funds	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>-</u>

**TEAM ACADEMY CHARTER SCHOOL  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Revenues</b>						
Local tax Levy	\$ 2,536,038	\$ 1,978,975	\$ 1,404,703	\$ 1,559,685	\$ 857,301	\$ 537,757
Other local revenue	2,862,853	1,314,771	926,780	1,472,323	470,698	241,021
State sources	17,588,307	13,972,841	9,849,399	5,116,155	3,587,808	2,487,887
Federal sources	1,786,342	1,205,902	847,715	456,331	410,935	229,431
Total revenue	<u>24,773,540</u>	<u>18,472,489</u>	<u>13,028,597</u>	<u>8,604,494</u>	<u>5,326,742</u>	<u>3,496,096</u>
<b>Expenditures</b>						
Instruction						
Regular Instruction	8,596,106	7,236,190	4,475,236	2,944,997	1,805,345	1,395,429
Support Services:						
General administration	5,801,357	5,198,581	3,325,808	1,302,478	983,853	604,684
School administrative services/Plant	4,646,565	3,582,598	2,269,747	1,965,653	1,801,791	1,140,709
TPAF Social Security	681,572	496,064	331,137	205,010	124,814	106,352
Food Service						
Capital outlay	409,340	44,274	88,828	83,898	33,316	15,570
Debt service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Special Revenue	3,817,944	2,113,290	1,451,715	1,597,631	603,685	336,193
Total expenditures	<u>23,952,884</u>	<u>18,670,997</u>	<u>11,942,471</u>	<u>8,099,667</u>	<u>5,352,804</u>	<u>3,598,937</u>
Excess (Deficiency) of revenues over (under) expenditures	820,656	(198,508)	1,086,126	504,827	(26,062)	(102,841)
<b>Other Financing sources (uses)</b>						
Proceeds from borrowing	-	-	-	-	-	-
Capital leases (non-budgeted)	-	-	-	-	-	-
Proceeds from refunding	-	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-	-
Transfers in	788,333	-	-	-	89,480	236,598
Transfers out	(788,333)	-	-	-	(89,480)	(236,598)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 820,656</u>	<u>\$ (198,508)</u>	<u>\$ 1,086,126</u>	<u>\$ 504,827</u>	<u>\$ (26,062)</u>	<u>\$ (102,841)</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: School records

## **REVENUE CAPACITY**

**EXHIBIT J-5**

**TEAM ACADEMY CHARTER SCHOOL  
REVENUE CAPACITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOT APPLICABLE**

**Exhibit J-6**

**TEAM ACADEMY CHARTER SCHOOL  
Assessed Value and Actual Value of Taxable Property  
For the Year Ended June 30, 2011**

**NOT APPLICABLE**

**Exhibit J-7**

**TEAM ACADEMY CHARTER SCHOOL  
Direct and Overlapping Property Tax Rates  
For the Year Ended June 30, 2011**

**NOT APPLICABLE**

**Exhibit J-8**

**TEAM ACADEMY CHARTER SCHOOL  
Principal Property Taxpayers  
For the Year Ended June 30, 2011**

**NOT APPLICABLE**

## **DEBT CAPACITY**

**Exhibit J-9**

**TEAM ACADEMY CHARTER SCHOOL  
Property Tax Levies and Collections  
For the Year Ended June 30, 2011**

**NOT APPLICABLE**

**Exhibit J-10**

**TEAM ACADEMY CHARTER SCHOOL  
Ratios of Outstanding Debt by Type  
For the Year Ended June 30, 2011**

**NOT APPLICABLE**

**Exhibit J-11**

**TEAM ACADEMY CHARTER SCHOOL  
Ratios of Net General Bonded Debt Outstanding  
For the Year Ended June 30, 2011**

**NOT APPLICABLE**

**Exhibit J-12**

**TEAM ACADEMY CHARTER SCHOOL  
Direct and Overlapping Governmental Activities Debt  
For the Year Ended June 30, 2011**

**NOT APPLICABLE**

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

**Exhibit J-13**

**TEAM ACADEMY CHARTER SCHOOL  
Demographic and Economic Statistics  
For the Year Ended June 30, 2011**

**NOT APPLICABLE**

**Exhibit J-14**

**TEAM ACADEMY CHARTER SCHOOL  
Principal Employers  
For the Year Ended June 30, 2011**

**NOT APPLICABLE**

**OPERATING INFORMATION  
(UNAUDITED)**

**TEAM ACADEMY CHARTER SCHOOL**  
**Full-time Equivalent School Employees by Function/Program**  
**For the Year Ended June 30, 2011**

<u>Function/Program</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Instruction						
Regular	116	101	53	33	19	19
Special education	15	17	8	5		
Other special education						
Vocational						
Other instruction						
Nonpublic school programs						
Adult/continuing education programs						
Support Services:						
Student & instruction related services	24	14	7	4		
General administration		9				
School administrative services	54	56	8	7		
Other administrative services			-	-	-	-
Central services			23	18		
Administrative Information Technology						
Plant operations and maintenance						
Pupil transportation				-	-	-
Other support services				-	-	-
Special Schools				-	-	-
Food Service						
Child Care						
Total	<u>209</u>	<u>197</u>	<u>99</u>	<u>67</u>	<u>19</u>	<u>19</u>

**Source:** School Personnel Records

**TEAM ACADEMY CHARTER SCHOOL  
Operating Statistics  
For the Year Ended June 30, 2011**

<u>Pupil/Teacher Ratio</u>												
<u>Fiscal Year</u>	<u>Enroll</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percent Change</u>	<u>Teaching Staff</u>	<u>Element.</u>	<u>Middle School</u>	<u>Senior High School</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2006	315	3,598,937	11,425	1.65%	40	0		0	315	315	43.84%	98.60%
2007	450	5,352,804	11,895	4.11%	26	0	17	0	462	444	46.67%	96.00%
2008	615	8,488,391	13,802	16.00%	38	0	32	6	615	583	34.36%	96.00%
2009	771	13,023,922	16,899	22.39%	61	0	14	10	771	740	34.36%	96.00%
2010	1,033	16,557,707	16,029	-5.15%	113	10	81	22	1,033	998	33.98%	96.00%
2011	1,262	20,357,706	16,131	0.64%	131	29	65	37	1,262	1,204	22.17%	95.00%

Sources: School records

**TEAM ACADEMY CHARTER SCHOOL**  
**School Building Information**  
**For the Year Ended June 30, 2011**

<u>School Building</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
School						
Square Feet	140,000	128,883	81,625	3,500	3,500	3,500
Capacity (students)	1,400	1,400	865	350	350	350
Enrollment	1,262	1,033	771	615	NA	289

**Source:** School Office

**TEAM ACADEMY CHARTER SCHOOL**  
**Insurance Schedule**  
**For the Year Ended June 30, 2011**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Commercial Property need	\$ 11,845,000	\$ 5,000
Boiler and Machinery	100,000,000	5,000
General Automobile Liability	1,000,000	-
School Board Legal Liability	6,000,000	5,000
Umbrella	20,000,000	-
Workers' Compensation	2,000,000	-
 Surety Bonds		
School Board Legal Liability	1,000,000	N/A
Public Official Bond	50,000	N/A

Source: Charter School Records

**TEAM ACADEMY CHARTER SCHOOL  
General Fund - Other Local Revenue By Source  
For the Year Ended June 30, 2011**

Fiscal Year Ending June 30,	<u>Sale of Capital Assets</u>	<u>Donations</u>	<u>Rentals</u>	<u>Prior Year Refunds</u>	<u>Sale and Leaseback of Textbooks</u>	<u>Other Local</u>	<u>Annual Totals</u>
2006	-	-			-	163,953	163,953
2007	-	-			-	277,948	277,948
2008	-	-			-	331,023	331,023
2009						452,714	452,714
2010						407,383	407,383
2011						831,251	831,251

Source: School records

**TEAM ACADEMY CHARTER SCHOOL**  
**Schedule of Allowable Maintenance Expenditures by School Facility**  
**For the Year Ended June 30, 2011**

**NOT APPLICABLE**

**SINGLE AUDIT SECTION K**

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CERTIFIED PUBLIC ACCOUNTANT  
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EAST HANOVER, NEW JERSEY 07936

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**EXHIBIT K-1**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable President and  
Members of the Board of Trustees  
TEAM Academy Charter School  
County of Essex  
Newark, New Jersey

I have audited the financial statements of the Board of Trustees of the TEAM Academy Charter School County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued my report thereon dated September 29, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

**Internal Control Over Financial Reporting**

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the TEAM Academy Charter School Board of Trustee's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

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

Licensed Public School Accountant No. 870

A handwritten signature in cursive script that reads "Scott J Loeffler CPA". The signature is written in black ink and is positioned above the typed name.

Scott J Loeffler, CPA  
September 29, 2011

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## EXHIBIT K-2

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

The Honorable President and  
Members of the Board of Trustees  
TEAM Academy Charter School  
County of Essex  
Newark, New Jersey

#### Compliance

I have audited the compliance of the Board of Trustee's of the TEAM Academy Charter School, in the County of Essex, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2011. The Board of Trustee's of the TEAM Academy Charter School major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Board of Trustee's TEAM Academy Charter School management. My responsibility is to express an opinion on the Board of Trustee's TEAM Academy Charter School compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Board of Trustee's TEAM Academy Charter School compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the Board of Trustees of the TEAM Academy Charter School compliance with those requirements.

In my opinion, the Board of Trustee's of the TEAM Academy Charter School, in the County of Essex, State of New Jersey, complied, in all material aspects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2011.

### **Internal Control Over Compliance**

The management of the Board of Trustee's of the TEAM Academy Charter School is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing my audit, I considered the Board of Trustee's TEAM Academy Charter School internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly I do not express an opinion on the effectiveness of the Board of Trustee's TEAM Academy Charter School internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Licensed Public School Accountant No. 870



Scott J. Loeffler, CPA  
September 29, 2011

EXHIBIT A

TEAM ACADEMY CHARTER SCHOOL  
 Schedule of Federal Financial Assistance  
 For the Fiscal Year Ended June 30, 2011

<u>Federal/Grantor Program Title</u>	<u>CFDA/ GRANT Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance July 1, 2010</u>	<u>Prior Carry- over</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Refund of Prior Years' Balances</u>	<u>Adjust</u>	<u>Deferred Revenue/ (Accounts Receivable) June 30, 2011</u>	<u>Due to Grantor at June 30, 2011</u>
<b>Food Subsidy</b>											
Federal After School	10.555	07/01/10-06/30/11	\$117,306			\$92,887	\$117,306			(\$24,419)	
Federal School Lunch *	10.555	07/01/10-06/30/11	\$404,900			336,723	404,900			(\$68,177)	
Federal Breakfast	10.553	07/01/10-06/30/11	\$132,463			109,358	132,463			(\$23,105)	
Special Revenue Fund											
<b>Special Revenue</b>											
<b>NCLB</b>											
Title I PART A	*84.010	09/01/10-08/31/11	\$877,337			693,424	877,337			(183,913)	
Title IIA	84.367	09/01/10-08/31/11	\$8,343			8,343	8,343			0	
Title IID	84.318	09/01/10-08/31/11	\$616			616	616			0	
Title I ARRA	*84.389	09/01/10-08/31/11	\$490,534			449,657	490,534			(40,877)	
Charter School Program	84.282	09/01/10-08/31/11	\$118,291			118,291	118,291				
IDEA BASIC	84.027	09/01/10-08/31/11	\$214,023			170,038	214,023			(43,985)	
Dissemination Grant	84.303	09/01/10-08/31/11	\$77,198			77,198	77,198			0	
Total Special Revenue						1,517,567	1,786,342			(268,775)	---
						\$0	\$2,056,535	\$2,441,011	\$0	(\$384,476)	\$0

\*Major Program

**TEAM ACADEMY CHARTER SCHOOL**  
**Schedule of State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2011**

**EXHIBIT - B**

<u>State Grantor</u> <u>Program Title</u>	<u>Grant or State</u> <u>Project Number</u>	<u>Grant</u> <u>Period</u>	<u>Award</u> <u>Amount</u>	<u>Balance</u> <u>July 1,</u> <u>2010</u>	<u>Cash</u> <u>Received</u>	<u>Budgetary</u> <u>Expenditures</u>	<u>Refund</u> <u>of</u> <u>Prior</u> <u>Years'</u> <u>Balances</u>	<u>Adjust</u>	<u>Deferred</u> <u>Revenue/</u> <u>(Accounts</u> <u>Receivable)</u> <u>June 30,</u> <u>2011</u>	<u>Due to</u> <u>Grantor</u> <u>at</u> <u>June 30,</u> <u>2011</u>
GENERAL FUND										
TPAF Social Security	11-495-034-5095-007	7/1/10-06/30/11	\$681,572		\$681,572	\$681,572				
On Behalf Pension	11-495--034-5095-002	7/1/10-06/30/11	343,103		343,103	343,103				
Charter School Aid - Local *	11-495-034-5120-071	7/1/10-06/30/11	2,536,038		2,536,038	\$2,536,038				
Charter School Aid - State *	11-495-034-5120-071	7/1/10-06/30/11	15,485,572		15,485,572	\$15,485,572				
Non Public Aid	11-100-034-5120-066	7/1/10-06/30/11	334,316		334,316	\$334,316				
Special Education	11-495-034-5120--089	7/1/10-06/30/11	537,959		537,959	\$537,959				
Security Aid	11-495-034-5120-084	7/1/10-06/30/11	548,888		548,888	\$548,888				
Total General Fund				--	20,467,448	20,467,448				
ENTERPRISE FUND										
State School Lunch	11-100-010-3350-23	7/1/10-06/30/11		--	1,137	8,185			(\$7,048)	\$ -
GRAND TOTAL				--	\$20,468,585	\$20,475,633			(\$7,048)	\$ -

\*Major Program

**TEAM ACADEMY CHARTER SCHOOL  
FOOTNOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL  
STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

**NOTE 1. GENERAL**

The accompanying Schedules of Expenditures of awards and financial assistance present the activity of all federal and state award programs of the Board of Trustees of the TEAM Academy Charter School. The board of trustees is defined in the Notes to the school's general-purpose financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

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

**NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting revenue is not recognized until the subsequent year or expenditures have been made (GASB 34).

The general fund is presented in the accompanying schedules on the modified accrual basis. The special revenue fund is presented in the accompanying schedules on the grant account budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to GAAP basis is \$-0-. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the school's general-purpose financial statements on a GAAP basis as follows:

**TEAM ACADEMY CHARTER SCHOOL  
FOOTNOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL  
STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

**NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS  
(continued)**

GAAP basis is \$-0-. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the school's general-purpose financial statements on a GAAP basis as follows:

	<b>Federal</b>	<b>State</b>	<b>Total</b>
General Fund	\$	\$20,467,448	\$20,467,448
Special Revenue Fund	1,786,342		1,786,342
Food Service Fund	<u>654,669</u>	<u>8,185</u>	<u>662,854</u>
Total Awards and Financial Assistance	<u>\$2,441,011</u>	<u>\$20,475,633</u>	<u>\$22,916,644</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. OTHER**

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2011 was 343,103. TPAF Social Security Contributions represents the amount of \$681,572 reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

**NOTE 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

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

**TEAM ACADEMY CHARTER SCHOOL  
COUNTY OF ESSEX, NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**PART 1 – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statement Section**

Type of auditor’s report issued:	Unqualified
	<b><u>YES</u></b> <b><u>NO</u></b>
Internal control over financial reporting:	
Material weakness(es) identified:	X
Significant deficiencies identified not considered to be material weakness(es)?	X
Noncompliance material to financial statements noted?	X

**Federal Awards**

Internal control over compliance:	
Material weakness(es) identified?	X
Significant deficiencies identified not considered to be material weakness(es)?	X
Type of auditor’s report on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be Reported in accordance with Circular A-133 (section .510a)?	X

Identification of major programs:

<u>C DFA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	
84.010	No Child Left Behind – Title I Part A	
10.555	Federal School Lunch	
84.389	Title I - ARRA	
Dollar threshold used to distinguish between type A and type B programs (.520)		\$300,000
Auditee qualified as low risk auditee:		X

**TEAM ACADEMY CHARTER SCHOOL  
COUNTY OF ESSEX, NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**PART 1 – SUMMARY OF AUDITOR’S RESULTS (Continued)**

<b>State Awards</b>	<b><u>YES</u></b>	<b><u>NO</u></b>
Dollar threshold used to distinguish between type A and type B programs (.520)	\$300,000	
Auditee qualified as low risk auditee:		<b>X</b>
Type of auditor’s report issued:		Unqualified
Internal control over major programs:		
Material weakness(es) identified:		<b>X</b>
Significant deficiencies identified not considered to be material weakness(es)?		<b>X</b>
Type of auditor’s report on compliance for major programs:		Unqualified
Any audit findings disclosed that are required to be Reported in accordance with NJOMB Circular Letter 04-04?		<b>X</b>
Identification of major programs:		
<b><u>C DFA Number(s)</u></b>		<b><u>Name of State Program or Cluster</u></b>
11-495-034-5120-071		Charter School Aid Local and State

**TEAM ACADEMY CHARTER SCHOOL  
COUNTY OF ESSEX, NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR YEAR ENDED JUNE 30, 2011**

**PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS**

No financial statement findings noted that are required to be reported under Government Auditing Standards.

**TEAM ACADEMY CHARTER SCHOOL  
COUNTY OF ESSEX, NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR YEAR ENDED JUNE 30, 2011**

**PART III – SCHEDULE OF FEDERAL AND STATE AWARD FINDINGS AND  
QUESTIONED COSTS**

No federal and state award findings and questioned costs noted that are required to be reported in accordance of OMB Circular A-133.

**TEAM ACADEMY CHARTER SCHOOL  
SUMMARY OF SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Status of Prior Year Findings**

No federal and state award findings and questioned costs noted that are required to be reported in accordance of OMB Circular A-133.