UNION COUNTY TEAMS CHARTER SCHOOL

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2012

UNION COUNTY TEAMS CHARTER SCHOOL

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

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2012

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

OF THE

UNION COUNTY TEAMS CHARTER SCHOOL

PLAINFIELD, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Prepared by

Union County TEAMS Charter School
Finance Department

And

Barre & Company, CPAs

STATE BOARD OF EDUCATION

ARCELIO APONTE ..... Middlesex
President

ILAN PLAWKER ..... Bergen
Vice President

MARK W. BIEDRON ..... Hunterdon

RONALD K. BUTCHER ..... Gloucester

CLAIRE CHAMBERLAIN ..... Somerset

JOSEPH FISICARO ..... Burlington

JACK FORNARO ..... Warren

EDITHE FULTON ..... Ocean

ROBERT P. HANEY ..... Monmouth

ERNEST P. LEPORE ..... Hudson

ANDREW J. MULVIHILL ..... Sussex

J. PETER SIMON ..... Morris

DOROTHY S. STRICKLAND ..... Essex

Christopher D. Cerf, Acting Commissioner of Education
Secretary, State Board of Education

UNION COUNTY TEAMS CHARTER SCHOOL
TABLE OF CONTENTS

Page

INTRODUCTORY SECTION 1

Letter of Transmittal 2
Organizational Chart 6
Roster of Officials 7
Consultants and Advisors 8

FINANCIAL SECTION 9

Independent Auditors' Report 10

REQUIRED SUPPLEMENTARY INFORMATION – PART I 12

Management's Discussion and Analysis 13

BASIC FINANCIAL STATEMENTS 20

SECTION A – CHARTER SCHOOL – WIDE FINANCIAL STATEMENTS 21

A-1 Statement of Net Assets 22
A-2 Statement of Activities 23

SECTION B – FUND FINANCIAL STATEMENTS 24

GOVERNMENTAL FUNDS 25

B-1 Combining Balance Sheet 26
B-2 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance 27
B-3 Reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 28

PROPRIETARY FUNDS 29

B-4 Statement of Fund Net Assets 30
B-5 Statement of Revenues, Expenses, and Changes in Net Assets 31
B-6 Statement of Cash Flows 32

FIDUCIARY FUNDS 33

B-7 Statement of Fiduciary Net Assets 34
B-8 Statement of Changes in Fiduciary Net Assets ..... N/A

NOTES TO BASIC FINANCIAL STATEMENTS 35

REQUIRED SUPPLEMENTARY INFORMATION – PART II 55

UNION COUNTY TEAMS CHARTER SCHOOL
TABLE OF CONTENTS

Page

FINANCIAL SECTION (CONTINUED)

SECTION C – BUDGETARY COMPARISON SCHEDULES 56

C-1 Budgetary Comparison Schedule – General Fund 57
C-1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual ..... N/A
C-1b American Recovery and Reinvestment Act - Budget and Actual ..... N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund 59

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION 60

C-3 Budget-To-GAAP Reconciliation 61

OTHER SUPPLEMENTARY INFORMATION 62

SECTION D – ABBOTT SCHEDULES ..... N/A

D-1 Combining Balance Sheet ..... N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type - Actual ..... N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual ..... N/A
D-4 Schedule of DEOA Expenditures ..... N/A

SECTION E – SPECIAL REVENUE FUND 63

E-1 Combining Schedule of Revenues and Expenditures – Budgetary Basis 64

SECTION F – CAPITAL PROJECTS FUND ..... ERROR! BOOKMARK NOT DEFINED.

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

SECTION G – PROPRIETARY FUND 65

ENTERPRISE FUND ..... N/A

G-1 Combining Statement of Net Assets ..... N/A
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets ..... N/A
G-3 Combining Statement of Cash Flows ..... N/A

UNION COUNTY TEAMS CHARTER SCHOOL
TABLE OF CONTENTS

Page

FINANCIAL SECTION (CONTINUED)

INTERNAL SERVICE FUND ..... N/A

G-4 Combining Statement of Net Assets ..... N/A
G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets ..... N/A
G-6 Combining Statement of Cash Flows ..... N/A

SECTION H – FIDUCIARY FUNDS 66

H-1 Combining Statement of Fiduciary Net Assets 67
H-2 Combining Statement of Changes in Fiduciary Net Assets ..... N/A
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements ..... N/A
H-4 Payroll Agency Fund Schdule of Receipts and Disbursements 68

STATISTICAL SECTION (UNAUDITED) 69

INTRODUCTION TO THE STATISTICAL SECTION 70

FINANCIAL TRENDS 71

J-1 Net Assets by Component 72
J-2 Changes in Net Assets 73
J-3 Fund Balances – Governmental Funds 74
J-4 Changes in Fund Balances – Governmental Funds 75
J-5 General Fund Other Local Revenue by Source (NJ) 76

REVENUE CAPACITY ..... N/A

J-6 Assessed Value and Estimated Actual Value of Taxable Property ..... N/A
J-7 Direct and Overlapping Property Tax Rates ..... N/A
J-8 Principal Property Taxpayers* ..... N/A
J-9 Property Tax Levies and Collections ..... N/A

DEBT CAPACITY INFORMATION ..... N/A

J-10 Ratios or Outstanding Debt by Type ..... N/A
J-11 Ratios of General Bonded Debt Outstanding ..... N/A
J-12 Direct and Overlapping Governmental Activities Debt ..... N/A
J-13 Legal Debt Margin Information ..... N/A

DEMOGRAPHIC AND ECONOMIC INFORMATION ..... N/A

J-14 Demographic and Economic Statistics ..... N/A
J-15 Principal Employers, Current and Nine Years Ago ..... N/A

UNION COUNTY TEAMS CHARTER SCHOOL
TABLE OF CONTENTS

Page

OPERATING INFORMATION 77

J-16 Full-Time Equivalent Charter School Employees by Function/Program 78
J-17 Operating Statistics 79
J-18 School Building Information ..... N/A
J-20 Insurance Schedule 80

SINGLE AUDIT SECTION 81

K-1 Report on Compliance and 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* 82
K-2 Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and On Internal Control over Compliance In Accordance With New Jersey OMB Circular 04-04 84
K-3 Schedule of Expenditures of Federal Awards – Schedule A 87
K-4 Schedule of Expenditures of State Financial Assistance – Schedule B 88
K-5 Notes to the Schedules of Awards and Financial Assistance 89
K-6 Schedule of Findings and Questioned Costs 91
K-7 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management 94

INTRODUCTORY SECTION

UNION COUNTY TEAMS CHARTER SCHOOL
515-517 West 4th Street
Plainfield, New Jersey 07060
(908) 754-9043 * Fax 908-754-7790
www.ucteams.org

October 11, 2012

Board of Trustees
Union County TEAMS Charter School
County of Union
Plainfield, New Jersey 07060

Enclosed herewith please find the **Comprehensive Annual Financial Report ("CAFR")** of the Union County TEAMS Charter School **("UCTCS")** for fiscal year 2011-2012.

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

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

<u>The CAFR is presented in four (4) sections as follows:</u>

1. **The Introductory Section;** which includes a Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organization Chart;

2. **The Financial Section;** which includes the Independent Auditors' Report, the Management's Discussion and Analysis, Basic Financial Statements, Notes Providing a Financial Position and Operating Results Overview, and Other Schedules providing budgetary information;

3. **The Statistical Section;** which includes Selected Economic and Demographic Information, Financial Trends, and the Fiscal Capacity of UCTCS;

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

Charter School Organization

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

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

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

Reporting Entity and Its Services: UCTCS is an independent reporting entity within the criteria adopted by the Government Auditing Standards Board ("GASB") as established by GASB Statement No. 14. All funds and account groups of UCTCS are included in this report. The UCTCS Board of Trustees constitutes the UCTCS reporting entity.

UCTCS provides a full range of educational programs and services appropriate to grade levels Kindergarten through Grade 11. These programs and services include the standard curriculum, special education, basic skills instruction, a gifted and talented protocol and extra-curricular activities, along with extended-day after-care program. In concert with our expanded charter that incorporates Grades 9 thru 12, the school provides a comprehensive high school program specifically focused on college preparatory and leadership courses, while maintaining a "Built Environment" theme that encompasses Technology, Engineering, Architecture, Mathematics and Science.

UCTCS completed the 2011-2012 school year with an enrollment of 277 students; average daily enrollment for the year reflected at 276.9 students.

Economic Condition and Outlook: A favorable, sound, and increasingly stable financial position continued to be experienced at UC TEAMS, in spite of the persistently static national economic conditions. Even while absorbing the planned enlargement in student population of 12% and continued expansion of extra-curricular activities, this positive financial picture was significantly improved, with year-end equity increasing by 122%, when compared to FY 2010-2011.

School expansion plans for 2012-2013 incorporate the addition of a second facility which will separately house the high school component. The improved financial position, therefore, will serve to fund and stabilize the major start-up elements of this expansion activity. Clearly, continued focus on fiscal policies and improvements in governance and operating practices are serving the "smaller learning community" design and charter school mission in a superior manner.

Internal Accounting Controls: The Board of Trustees is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Charter School are protected from loss, theft, or misuse, along with ensuring that adequate accounting data is compiled to allow for the preparation of financial statements in accordance with generally accepted accounting principles **("GAAP')**. The internal control structure is designed to provide reasonable assurances that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived from such control; and (2) the valuation of costs and benefits requires estimates and judgment by management.

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

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

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

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

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

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

Risk Management: UCTCS carries various forms of insurance, including but not limited to general liability, workers compensation, and the like.

Other Information

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

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

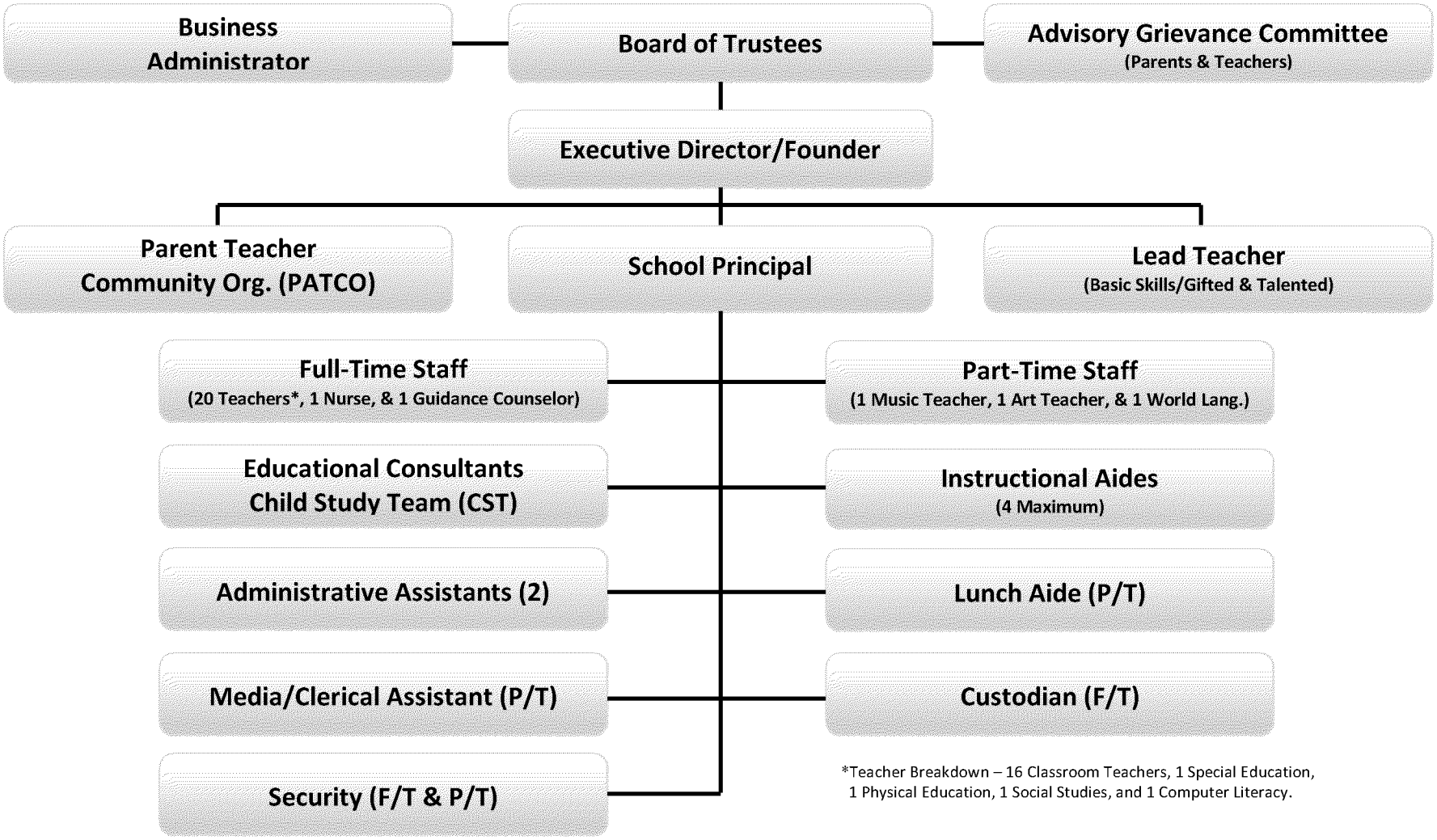
On behalf of the citizens and taxpayers of Union County, we would like to acknowledge the sincere commitment of the UCTCS Board of Trustees towards providing sound managerial policy and fiscal accountability for the charter school, and to express our appreciation for their genuine support in the continued development and management of its educational programs and financial operations.

Respectfully submitted,

Sheila L. Thorpe
Executive Director/Founder

Otis A. Richardson, PhD, CSBA
School Business Administrator

The Union County TEAMS Charter School



*Teacher Breakdown – 16 Classroom Teachers, 1 Special Education, 1 Physical Education, 1 Social Studies, and 1 Computer Literacy.

Grade	K	1	2	3	4	5	6	7	8	9	10
# of Student	20	20	20	20	20	20	30	40	20	20	20
Certification Level	K-5	K-5	K-5	K-5	K-5	K-5	K-8	K-8	K-8	K-9	K-10

UNION COUNTY TEAMS CHARTER SCHOOL
PLAINFIELD, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2012

MEMBERS OF THE BOARD OF TRUSTEES

Clarence Beverly, President

Reggie Bernard Piggee, Vice President

Steven Colson, Member

Aisha K. Lawrey, Member

Jerald Lee, Member

OTHER OFFICIALS

Sheila L. Thorpe, Executive Director

Otis A. Richardson, PhD, School Business Administrator

Emma Johnson, Treasurer

UNION COUNTY TEAMS CHARTER SCHOOL
PLAINFIELD, NEW JERSEY

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

Victor E.D. King
435 West 7th Street
Plainfield, NJ 07060

Official Depository

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

FINANCIAL SECTION

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

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presents component units, each major fund and the aggregate remaining fund information of the Union County TEAMS Charter School (Charter School), in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise of the Charter School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2012 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Budgetary Comparison Information starting on pages 13 and 56 respectively are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

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

October 11, 2012

REQUIRED SUPPLEMENTARY INFORMATION – PART I

UNION COUNTY TEAMS CHARTER SCHOOL
PLAINFIELD, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2012 UNAUDITED

The discussion and analysis of Union County TEAMS Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 — *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2011-2012) and the prior year (2010-2011) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2012 are as follows:

- General revenues accounted for $4,041,170 in revenue or 95% percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for $223,968 or 5% percent of total revenues of $4,265,138.

- The Charter School had $3,834,298 in expenses; only $223,968 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of $4,041,170 were adequate to provide for these programs.

- Among governmental funds, the General Fund had $3,913,593 in revenues and $3,475,438 in expenditures. The General Fund's fund balance increased $438,155. This increase was anticipated by the Board of Trustees.

UNION COUNTY TEAMS CHARTER SCHOOL
PLAINFIELD, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the Charter School as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2012?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Statement of Net Assets and the Statement of Activities

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

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

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

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

- Business-Type Activities — These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Proprietary Fund

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the basic financial statements can be found starting on page 35 of this report.

The Charter School as a Whole

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

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

The Charter School's combined net assets were $830,369 for June 30, 2012.

Governmental Activities

The Charter School's total revenues were $4,066,457 for 2012 and $3,364,650 for 2011, this includes $66,381 for 2012 and $71,822 for 2011 of state reimbursed TPAF social security contributions.

The total cost of all program and services were $3,581,002 for 2012 and $3,427,319 for 2011. Instruction comprises 54% of the Charter School expenditures for 2012 and 53% for 2011.

Business-Type Activities

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

Food Service

- Food service expenditures exceeded revenues by $(4,623) for 2012 and $(11,695) for 2011.

- Charges for services represent $21,336 for 2012 and $19,999 for 2011 of revenue. This represents amounts paid by patrons for daily food.

Business-Type Activities (continued)

Food Service (continued)

- Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfasts were $99,408 for 2012 and $77,267 for 2011.

After School Program

- Expenses exceeded revenues by $(13,192) for 2012 and revenues exceeded expenses by $2,645 for 2011.

- Charges for services represent $30,637 for 2012 and $45,846 for 2011. This represents amounts paid by parents for the children who attend UCTCS.

Governmental Activities

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

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

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

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

UNION COUNTY TEAMS CHARTER SCHOOL
PLAINFIELD, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to $4,066,457 and expenditures were $3,581,002. This year the net change in fund balance was most significant in the general fund, an increase of $438,155 for 2012 and a decrease of $62,669 for 2011.

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2012.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2011	Percent of Increase/ (Decrease)
Local Sources	$ 697,760	17.16%	$ 99,273	16.59%
State Sources	3,215,833	79.08%	604,804	23.16%
Federal Sources	152,864	3.76%	(2,270)	-1.46%
Total	$ 4,066,457	100.00%	$ 701,807	

The following schedule represents a summary of the governmental funds expenditures for the fiscal year ended June 30, 2012.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2011	Percent of Increase/ (Decrease)
Instruction	$ 1,577,067	44.04%	$ 142,316	9.92%
Administration	1,340,205	37.43%	(73,217)	-5.18%
Support Services	663,730	18.53%	84,584	14.60%
Total	$ 3,581,002	100.00%	$ 153,683	

General Fund Budgeting Highlights

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

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

Capital Assets

At the end of the fiscal year June 30, 2012, the Charter School did not have any investments in building improvements.

For the Future

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

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

Contacting the Charter School's Financial Management

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

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL – WIDE FINANCIAL STATEMENTS

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

UNION COUNTY TEAMS CHARTER SCHOOL
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	$ 762,931	$ 11,958	$ 774,889
Interfund Receivables	21,781		21,781
Receivables	9,964	24,621	34,585
Prepaid Expenses	25,925		25,925
Total Assets	820,601	36,579	857,180
LIABILITIES:			
Accounts Payable	7,992		7,992
Interfund Payable		11,500	11,500
Payable to State Government	7,319		7,319
Total Liabilities	15,311	11,500	26,811
NET ASSETS:			
Unrestricted	805,290	25,079	830,369
Total Net Assets	$ 805,290	$ 25,079	$ 830,369

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

UNION COUNTY TEAMS CHARTER SCHOOL
Statement of Activities
For The Fiscal Year Ended June 30, 2012

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes In Net Assets: Governmental Activities	Net (Expense) Revenue and Changes In Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes In Net Assets: Total
GOVERNMENTAL ACTIVITIES:								
Instruction	$ 1,577,067	$ 373,470	$ -	72,587	$ -	$ (1,877,950)	$ -	$ (1,877,950)
Administration	805,003	161,732	-	-	-	(966,735)	-	(966,735)
Support Services	711,030	-	-	-	-	(711,030)	-	(711,030)
Total Governmental Activities	3,093,100	$ 535,202	-	72,587	-	(3,555,715)	-	(3,555,715)
BUSINESS-TYPE ACTIVITIES:								
Food Service and After School	205,996		51,973	99,408	-	-	(54,615)	(54,615)
Total Business-Type Activities	205,996		51,973	99,408	-	-	(54,615)	(54,615)
Total Primary Government	$ 3,299,096		$ 51,973	$ 171,995	$ -	$ (3,555,715)	$ (54,615)	$ (3,610,330)
GENERAL REVENUES								
General Purposes						$ 679,641	$ -	$ 679,641
Federal and State Aid Not Restricted						3,296,110	-	3,296,110
Investment Earnings						770	-	770
Miscellaneous Income						17,349	47,300	64,649
Total General Revenues						3,993,870	47,300	4,041,170
Change in Net Assets						438,155	(7,315)	430,840
Net Assets - Beginning						367,135	32,394	399,529
Net Assets - Ending						$ 805,290	$ 25,079	$ 830,369

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

SECTION B – FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

UNION COUNTY TEAMS CHARTER SCHOOL
Governmental Funds
Combining Balance Sheet
June 30, 2012

	General Fund	Special Revenue Fund	Total
ASSETS:			
Cash	$ 762,931	$ -	$ 762,931
Interfund Receivables	21,781		21,781
Receivables From Other Governments	9,964		9,964
Other Current Assets	20,000		20,000
Prepaid Insurance	5,925		5,925
Total Assets	$ 820,601	$ -	$ 820,601
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Payable to State Government	$ 7,319	$ -	$ 7,319
Accounts Payable	7,992	-	7,992
Total Liabilities	15,311	-	15,311
Fund Balances:			
Unreserved:			
General Fund	805,290	-	805,290
Total Fund Balances	805,290	-	805,290
Total Liabilities and Fund Balances	$ 820,601	$ -	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:	-
Net Assets of Governmental Activities	$ 805,290

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

UNION COUNTY TEAMS CHARTER SCHOOL
Governmental Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
For The Fiscal Year Ended June 30, 2012

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	679,641	$ -	$ 679,641
Interest on Investments	770		770
Miscellaneous	17,349		17,349
Total Local Sources	697,760		697,760
State Sources	3,215,833		3,215,833
Federal Sources		152,864	152,864
Total Revenues	3,913,593	152,864	4,066,457
EXPENDITURES:			
Instruction	1,468,305	108,762	1,577,067
Administration	1,340,205		1,340,205
Support Services	619,628	44,102	663,730
Total Expenditures	3,428,138	152,864	3,581,002
Excess of Revenues Over Expenditures	485,455	-	485,455
OTHER FINANCING SOURCES (USES):			
Transfers Out	(47,300)		(47,300)
Total Other Financing Sources (Uses)	(47,300)	-	(47,300)
NET CHANGE IN FUND BALANCES	438,155	-	438,155
FUND BALANCE, JULY 1	367,135	-	367,135
FUND BALANCE, JUNE 30	$ 805,290	$ -	$ 805,290

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

UNION COUNTY TEAMS CHARTER SCHOOL

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For The Fiscal Year Ended June 30, 2012

Total net change in fund balances - governmental fund (from B-2)	$ 438,155
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	-
Change in net assets of governmental activities	$ 438,155

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

PROPRIETARY FUNDS

UNION COUNTY TEAMS CHARTER SCHOOL
Proprietary Funds
Combining Statement of Fund Net Assets
June 30, 2012

	Business-Type Activities Enterprise Funds		
	Food Service	After School Program	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	$ 11,826	$ 132	$ 11,958
Intergovernmental Accounts Receivable:			
Federal	24,157		24,157
State	464		464
Total Assets	$ 36,447	$ 132	$ 36,579
LIABILITIES AND NET ASSETS:			
Liabilities:			
Current Liabilities:			
Interfund Loans Payable	$ 11,500	$ -	$ 11,500
Total Liabilities	11,500	-	11,500
NET ASSETS:			
Unreserved	24,947	132	25,079
Total Net Assets	24,947	132	25,079
Total Liabilities and Net Assets	$ 36,447	$ 132	$ 36,579

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

UNION COUNTY TEAMS CHARTER SCHOOL
Proprietary Funds
Combining Statement of Revenues, Expenses, and Changes in Net Assets
For The Fiscal Year Ended June 30, 2012

	Business-Type Activities Enterprise Funds		
	Food Service	After School Program	Total
OPERATING REVENUES:			
Charges for Services:			
Daily Sales Reimbursable Program	$ 21,336	$ -	$ 21,336
Daily Sales Non-reimbursable Program		30,637	30,637
Total Operating Revenues	21,336	30,637	51,973
OPERATING EXPENSES:			
Salaries		42,778	42,778
Cost of Sales	153,253		153,253
Equipment	8,866		8,866
Miscellaneous Expenditures	48	1,051	1,099
Total Operating Expenses	162,167	43,829	205,996
OPERATING (LOSS)	(140,831)	(13,192)	(154,023)
NONOPERATING REVENUES:			
State Sources:			
State School Lunch Program	1,929		1,929
Federal Sources:			
National School Lunch Program	76,289		76,289
National School Breakfast Program	16,045		16,045
National School Snack Program	5,145		5,145
Board Contributions	36,800	10,500	47,300
Total Nonoperating Revenues	136,208	10,500	146,708
CHANGE IN NET ASSETS	(4,623)	(2,692)	(7,315)
TOTAL NET ASSETS, JULY 1	29,570	2,824	32,394
TOTAL NET ASSETS, JUNE 30	$ 24,947	$ 132	$ 25,079

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

UNION COUNTY TEAMS CHARTER SCHOOL
Proprietary Fund
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2012

	Business-Type Activities Enterprise Funds		
	Food Service	After School Program	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	$ 21,336	30,637	$ 51,973
Cash Payments to Suppliers and Employees	(155,167)	(43,829)	(198,996)
Net Cash (Used By) Operating Activities	(133,831)	(13,192)	(147,023)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash Received from State and Federal Reimbursements	99,408		99,408
Operating Transfers In	36,800	10,500	47,300
Net Cash Provided by Noncapital Financing Activities	136,208	10,500	146,708
Net Increase (Decrease) in Cash	2,377	(2,692)	(315)
Cash, July 1	9,449	2,824	12,273
Cash, June 30	$ 11,826	$ 132	$ 11,958
Reconciliation of Operating Loss to Net Cash Used by:			
Operating Activities:			
Operating (Loss) Used for Operating Activities	$ (140,831)	$ (13,192)	$ (154,023)
Changes in Assets and Liabilities:			
(Increase) in Intergovernmental Accounts Receivable	(4,500)		(4,500)
Increase in Interfund Accounts Payable	11,500		11,500
Net Cash Used by Operating Activities	$ (133,831)	$ (13,192)	$ (147,023)

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

FIDUCIARY FUNDS

UNION COUNTY TEAMS CHARTER SCHOOL
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2012

	Payroll Agency	Net Payroll	Agency Fund
ASSETS:			
Cash	$ 9,720	$ 561	$ 10,281
Total Assets	$ 9,720	$ 561	$ 10,281
LIABILITIES:			
Liabilities:			
Interfund Accounts Payable	$ 9,720	$ 561	$ 10,281
Total Liabilities	$ 9,720	$ 561	$ 10,281

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

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Basis of Presentation, Basis of Accounting

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

Basis of Presentation

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

The statement of net assets presents the financial condition of the governmental and business-type activity of the Charter School at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the Charter School.

Fund Financial Statements: During the fiscal year, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the Charter School's funds, including its fiduciary funds. Separate statements for each fund category — *governmental*, *proprietary*, and *fiduciary* — are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey Charter Schools to treat each governmental fund as a major fund in accordance with the option noted in

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among Charter School financial reporting models.

The Charter School reports the following governmental funds:

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

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

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

Capital Projects Fund: Not Applicable

Debt Service Fund: Not applicable.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

The Charter School reports the following proprietary fund:

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

Additionally, the Charter School reports the following fund type:

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

Basis of Accounting

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

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

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

C. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. Budgets are prepared using the modified accrual basis of accounting except for special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2 (m) 1. All budget amendments/transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets/Budgetary Control (Continued)

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

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

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

Total Revenues & Expenditures (Budgetary Basis)	$ 152,864
Adjustments:	
Less Encumbrances at June 30,2012	-
Plus Encumbrances at June 30,2011	-
Total Revenues and Expenditures (GAAP Basis)	$ 152,864

E. Encumbrances Accounting

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Encumbrances Accounting (Continued)

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

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

F. Assets, Liabilities, and Equity

Interfund Transactions:

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

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

Inventories:

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

Allowance for Uncollectible Accounts:

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Capital Assets:

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

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

Asset Class	Estimated Useful Lives
Office & Computer Equipment	5-10

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

Deferred Revenue:

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

Accrued Liabilities and Long-term Obligations:

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Net Assets:

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

Fund Balance Reserves:

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

Revenues — Exchange and Nonexchange Transactions:

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

year when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Operating Revenues and Expenses:

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

Allocation of Indirect Expenses:

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

Extraordinary and Special Items:

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Management Estimates:

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

Accrued Salaries and Wages:

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

NOTE 2: CASH AND CASH EQUIVALENTS

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

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

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

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

Deposits

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

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

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

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

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

Investments

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

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

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

Investments (Continued)

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

	General Fund	Special Revenue	Proprietary Fund	Fiduciary Funds	Total
Operating Account	$ 762,931	$ -	$ 11,958	$ 10,281	$ 785,170

The investments recorded in the statements have been recorded at amortized cost. In accordance with GASB 31, participating interest earning investment contracts that have a remaining maturity at the time of purchase of one year or less may be reported at amortized cost. For those securities purchased more than one year from the maturity date, the difference between the carrying amount and market value is not material to the Charter school-wide statements. The carrying amount of the Board's cash and cash equivalents at June 30, 2012 was $785,170 and the bank balance was $906,337. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Risk Category

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

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

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

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

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

Risk Category (Continued)

As of June 30, 2012, the Board had funds invested and on deposit in checking accounts. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 3 and are classified as Category 1, both at year-end and throughout the year.

New Jersey Cash Management Fund

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

As of June 30, 2012, the Charter school had no funds on deposit with the New Jersey Cash Management Fund.

NOTE 3: RECEIVABLES

Receivables at June 30, 2012 consisted of accounts, intergovernmental, grants, and miscellaneous.

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

	Governmental Fund Financial Statements	Governmental Wide Financial Statements
State Aid	$ -	$ 464
Federal Aid	-	24,157
Other	9,964	9,964
Gross Receivables	9,964	34,585
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	$ 9,964	$ 34,585

NOTE 4: INTERFUND TRANSFERS AND BALANCES

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

The following interfund balances remained on the fund financial statements at June 30, 2012:

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 21,781	$ -
Proprietary Fund		11,500
Fiduciary Fund		10,281
Total	$ 21,781	$ 21,781

NOTE 5: CAPITAL ASSETS

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to $2,000. The previous threshold was $500.

At June 30, 2012 the Charter School did not have any capital asset activity.

NOTE 6: RENTAL LEASE

The Charter School is currently in a lease agreement for classroom and office space with Shiloh Baptist Church for the facilities located at 515-517 West 4th Street, Plainfield, New Jersey. The lease requires a security deposit of $20,000. Lease payments for the year amounted to $440,687 A new three (3) year lease was entered into on June 30, 2011 commencing July 1, 2011 and ending on June 30, 2014 for a base annual rental of $429,329.

NOTE 7: PENSION PLANS

Description of Plans

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

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the School and the system's other related noncontributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS)

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

NOTE 7: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions

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

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

Significant Legislation

Legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of one percent to 4.5 percent for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Schools' normal contributions to the Fund may be reduced based on the revaluation of assets.

NOTE 7: PENSION PLANS (CONTINUED)

Contribution Requirements

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

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	$15,934	100%	$15,934
6/30/2011	$16,804	100%	$16,804
6/30/2010	$15,657	100%	$15,657

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	$90,706	100%	$90,706
6/30/2011	$49,834	100%	$49,834
6/30/2010	$47,191	100%	$47,191

NOTE 8: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c. 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid $144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

NOTE 9: RISK MANAGEMENT

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

Property and Liability Insurance

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

NOTE 10: FUND BALANCE APPROPRIATED

General Fund

The General Fund fund balance of $805,290 in the fund financial statements at June 30, 2012 is unreserved and undesignated.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULES

UNION COUNTY TEAMS CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local Sources:					
"Local Levy" Local Share-Charter School Aid	$ 679,641	$ -	$ 679,641	$ 679,641	$ -
Total Local Sources	679,641	-	679,641	679,641	-
Categorical Aid:					
"Local Levy" State Share-Charter School Aid	3,318,144	(520,448)	2,797,696	2,797,696	-
Special Education	82,395	(9,808)	72,587	72,587	-
Security Aid	92,664	-	92,664	92,664	-
Non-Public Aid	95,799	-	95,799	95,799	-
Total Categorical Aid	3,589,002	(530,256)	3,058,746	3,058,746	-
Other Sources:					
Interest Income	-	-	-	770	770
Miscellaneous Revenue	-	-	-	17,349	17,349
On-Behalf TPAF Pension Contributions (Non-Budgeted)	-	-	-	90,706	90,706
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	66,381	66,381
Total Other Sources	-	-	-	175,206	175,206
Total Revenues	4,268,643	(530,256)	3,738,387	3,913,593	175,206
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,132,498	69,229	1,201,727	1,100,225	101,502
Purchased Prof/Tech Services	124,784	(5,390)	119,394	102,365	17,029
Other Purchased Services	-	48,000	48,000	14,000	34,000
General Supplies	150,000	56,183	206,183	193,318	12,865
Textbooks	30,000	18,000	48,000	46,155	1,845
Miscellaneous	5,000	8,000	13,000	12,242	758
Total Instruction	1,442,282	194,022	1,636,304	1,468,305	167,999
Administration:					
Salaries of Principals	273,123	(32,319)	240,804	170,914	69,890
Salaries of Other Professional Staff	67,428	29,600	97,028	87,991	9,037
Salaries of Secretarial/Clerical Assistants	208,097	15,161	223,258	217,549	5,709
Total Benefits Cost	531,901	(141,142)	390,759	378,115	12,644
Other Purchased Professional Services	247,880	23,368	271,248	200,792	70,456
Other Purchased Services	66,439	(3,000)	63,439	32,424	31,015
Communications/Telephone	11,000	1,000	12,000	7,247	4,753
Supplies and Materials	25,000	5,000	30,000	22,780	7,220
Miscellaneous Expenses	7,000	65,762	72,762	65,306	7,456
Total Administration	1,437,868	(36,570)	1,401,298	1,183,118	218,180

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

UNION COUNTY TEAMS CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
(Continued From Prior Page)					
Support Services:					
Rental of Land and Buildings	$ 412,873	$ 27,814	$ 440,687	$ 440,687	$ -
Transportation-Other Than To/From School	30,000	5,075	35,075	34,034	1,041
Insurance for Property, Liability and Fidelty	52,000	17,792	69,792	51,368	18,424
Supplies and Materials	20,500	-	20,500	11,949	8,551
Energy Costs (Heat and Electricity)	6,000	13,043	19,043	18,267	776
Miscellaeous Expenses	65,149	-	65,149	63,323	1,826
Total Support Services	586,522	63,724	650,246	619,628	30,618
On-Behalf TPAF Pension Contributions (Non-Budgeted)	-	-	-	90,706	(90,706)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	66,381	(66,381)
Total Expenditures	3,466,672	221,176	3,687,848	3,428,138	259,710
Excess (Deficiency) of Revenues Over (Under) Expenditures	801,971	(751,432)	50,539	485,455	434,916
OTHER FINANCING SOURCES					
Transfers Out				(47,300)	(47,300)
Total Other Financing Sources	-	-	-	(47,300)	(47,300)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	801,971	(751,432)	50,539	438,155	387,616
FUND BALANCE, JULY 1	367,135	-	367,135	367,135	-
FUND BALANCE, JUNE 30	$ 1,169,106	$ (751,432)	$ 417,674	$ 805,290	$ 387,616
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures:					
Budgeted Fund Balance	$ 1,169,106	$ (751,432)	$ 417,674	$ 805,290	$ 387,616
Total	$ 1,169,106	$ (751,432)	$ 417,674	$ 805,290	$ 387,616

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

UNION COUNTY TEAMS CHARTER SCHOOL
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Federal	$ 152,864	$ -	$ 152,864	$ 152,864	$ -
Total Revenues	152,864	-	152,864	152,864	-
EXPENDITURES:					
Instruction:					
Salaries	108,762	-	108,762	108,762	-
Total Instruction	108,762	-	108,762	108,762	-
Support Services:			-		
Personal Services - Employee Benefits	13,699	-	13,699	13,699	-
Purchased Technical Services	28,385	-	28,385	28,385	-
Supplies and Materials	2,018	-	2,018	2,018	-
Total Support Services	44,102	-	44,102	44,102	-
Total Expenditures	152,864	-	152,864	152,864	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ -	$ -	$ -	$ -	$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

UNION COUNTY TEAMS CHARTER SCHOOL
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
Fiscal Year Ended June 30, 2012

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

		General Fund		Special Revenue Fund
Sources/Inflows of Resources				
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	**[C-1]**	$ 3,913,593	**[C-2]**	$ 152,864
Difference - Budget to GAAP				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized				-
Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	**[B-2]**	$ 3,913,593	**[B-2]**	$ 152,864
Uses/Outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	**[C-1]**	$ 3,475,438	**[C-2]**	$ 152,864
Differences - Budget to GAAP:				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.				-
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	**[B-2]**	$ 3,475,438	**[B-2]**	$ 152,864

OTHER SUPPLEMENTARY INFORMATION

SECTION E – SPECIAL REVENUE FUND DETAIL STATEMENTS

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

UNION COUNTY TEAMS CHARTER SCHOOL

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis

For the Fiscal Year Ended June 30, 2012

	Title I	I.D.E.A. Part B	Grand Total
REVENUE SOURCES:			
Federal	$ 101,803	$ 51,061	$ 152,864
Total Revenues	101,803	51,061	152,864
EXPENDITURES:			
Instruction:			
Salaries	66,211	42,551	108,762
Total Instruction	66,211	42,551	108,762
Support Services:			
Personal Services - Employee Benefits	5,189	8,510	13,699
Purchased Prof/Ed Services	20,361		20,361
Other Purchased Prof/Tech Services	8,024		8,024
Supplies and Materials	2,018		2,018
Total Support Services	35,592	8,510	44,102
Total Expenditures	101,803	51,061	152,864
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	$ -	$ -	$ -

SECTION G – PROPRIETARY FUND DETAIL STATEMENTS

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

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

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

SECTION H – FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

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

UNION COUNTY TEAMS CHARTER SCHOOL
Fiduciary Funds
Combining Statement of Fiduciary Net Assets
June 30, 2012

	Payroll Agency	Net Payroll	Total Agency Fund
ASSETS:			
Cash	$ 9,720	$ 561	$ 10,281
Total Assets	$ 9,720	$ 561	$ 10,281
LIABILITIES:			
Interfund Accounts Payable	$ 9,720	$ 561	$ 10,281
Total Liabilities	$ 9,720	$ 561	$ 10,281

UNION COUNTY TEAMS CHARTER SCHOOL
Fiduciary Funds
Payroll Agency Fund
Schedule of Receipts and Disbursements
For The Fiscal Year Ended June 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
ASSETS:				
Cash and Cash Equivalents	$ 27,390	$ 585,238	$ 602,908	$ 9,720
Total Assets	$ 27,390	$ 585,238	$ 602,908	$ 9,720
LIABILITIES:				
Interfund Payable	$ 10,257	$ -	$ 537	$ 9,720
Accrued Salaries and Benefits	17,133	585,775	602,908	-
Total Liabilities	$ 27,390	$ 585,775	$ 603,445	$ 9,720

STATISTICAL SECTION

(UNAUDITED)

Union County TEAMS Charter School has been in operation for seven (7) years. GASB requires that ten years of statistical data be presented. State law usually grants charters for less than ten years. Therefore, only statistical data for seven (7) years is available and has been presented. Each year thereafter, an additional year's data will be included until ten years.

Contents

Financial Trends

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

Revenue Capacity (Not Applicable to Charter School)

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

FINANCIAL TRENDS

UNION COUNTY TEAMS CHARTER SCHOOL
Net Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)

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

UNION COUNTY TEAMS CHARTER SCHOOL
Changes in Net Assets
Last Seven Fiscal Years

	Fiscal Year Ending June 30,						
	2012	2011	2010	2009	2008	2007	2006
Expenses							
Governmental Activities:							
Instruction	$ 1,877,950	$ 1,811,013	$ 1,585,780	$ 1,168,613	$ 1,038,745	$ 1,182,725	$ 949,900
Administration	1,014,035	1,037,160	760,327	632,188	530,271	452,725	452,383
Support Services	663,730	579,146	450,241	412,789	395,767	458,231	418,894
Capital Outlay				-	2,704	18,301	23,500
Total Governmental Activites Expenses	3,555,715	3,427,319	2,796,348	2,213,590	1,967,487	2,111,982	1,844,677
Food Service and After School	205,996	152,162	125,193	136,457	78,179	67,155	25,550
Total Business-Type Activites Expenses	205,996	152,162	125,193	136,457	78,179	67,155	25,550
Total Charter School Expenses	$ 3,761,711	$ 3,579,481	$ 2,921,541	$ 2,350,047	$ 2,045,666	$ 2,179,137	$ 1,870,227
Program Revenues							
Governmental Activities:							
Operating Grants and Contributions	72,587			29,946	27,093	51,318	47,935
Total Governmental Activites Expenses	72,587	-	-	29,946	27,093	51,318	47,935
Business-Type Activities:							
Charges for Services	51,973	65,845	54,999	63,507	78,905	10,133	5,296
Operating Grants and Contributions	99,408	77,267	63,651	45,157	48,402	30,562	20,613
Total Business-Type Activites Expenses	151,381	143,112	118,650	108,664	127,307	40,695	25,909
Total Charter School Program Revenues	$ 223,968	$ 143,112	$ 118,650	$ 138,610	$ 154,400	$ 92,013	$ 73,844
Net (Expense)/Revenue							
Governmental Activities	$ (3,555,715)	$ (3,427,319)	$ (2,796,348)	$ (2,183,644)	$ (1,940,394)	$ (2,060,664)	$ (1,796,742)
Business-Type Activities	(54,615)	(9,050)	(6,543)	(27,793)	49,128	(26,460)	359
Total Charter School-wide Net Expense	$ (3,610,330)	$ (3,436,369)	$ (2,802,891)	$ (2,211,437)	$ (1,891,266)	$ (2,087,124)	$ (1,796,383)
General Revenues and Other Changes in Net Assets							
Governmental Activities:							
General Purposes	$ 679,641	$ 557,219	$ 426,596	$ 320,113	$ 470,599	$ 366,174	$ 1,060,775
Federal and State Aid Not Restricted	3,296,110	2,766,163	2,499,953	1,770,552	1,502,230	1,858,521	798,669
Investment Earnings	770	784	970	3,414			
Miscellaneous Income	17,349	40,484	3,451	356	26,324	91,222	4,505
Total Governmental Activities	3,993,870	3,364,650	2,930,970	2,094,435	1,999,153	2,315,917	1,863,949
Business-Type Activities:							
Miscellaneous Income	47,300			52,660	94		
Total Business-Type Activities	47,300	-	-	52,660	94	-	-
Total Charter School-wide	$ 4,041,170	$ 3,364,650	$ 2,930,970	$ 2,147,095	$ 1,999,247	$ 2,315,917	$ 1,863,949
Change in Net Assets							
Governmental Activities	$ 438,155	$ (62,669)	$ 134,622	$ (89,209)	$ 58,759	$ 255,253	$ 67,207
Business-Type Activities	(7,315)	(9,050)	(6,543)	24,867	49,222	(26,460)	359
Total Charter School	$ 430,840	$ (71,719)	$ 128,079	$ (64,342)	$ 107,981	$ 228,793	$ 67,566

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

	Fiscal Year Ending June 30,						
	2012	2011	2010	2009	2008	2007	2006
General Fund							
Unreserved	$ 805,290	$ 367,135	$ 429,804	$ 295,182	$ 384,391	325,632	69,112
Total General Fund	$ 805,290	$ 367,135	$ 429,804	$ 295,182	$ 384,391	$ 325,632	$ 69,112

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

Fiscal Year Ending June 30,	2012	2011	2010	2009	2008	2007	2006
Revenues:							
Local Sources:							
Local Tax Levy	$ 679,641	$ 557,219	$ 426,596	$ 320,113	$ 470,599	$ 366,174	$ 1,060,775
Interest In Investments	770	784	970	3,414	1,928	1,267	1,905
Miscellaneous	17,349	40,484	3,451	356	24,396	91,222	4,505
State Sources	3,215,833	2,611,029	2,271,512	1,680,740	1,365,190	1,496,526	571,081
Federal Sources	152,864	155,134	228,441	119,758	164,133	413,313	275,523
Total Revenues	4,066,457	3,364,650	2,930,970	2,124,381	2,026,246	2,368,502	1,913,789
Expenditures:							
Instruction	1,577,067	1,434,751	1,269,181	951,184	847,127	945,958	801,831
Administration	1,340,205	1,333,154	1,114,792	849,617	721,889	694,656	463,652
Support Services	711,030	659,414	412,375	412,789	395,737	453,067	555,694
Capital Outlay					2,704	18,301	23,500
Total Expenditures	3,628,302	3,427,319	2,796,348	2,213,590	1,967,457	2,111,982	1,844,677
Net Change in Fund Balance	$ 438,155	$ (62,669)	$ 134,622	$ (89,209)	$ 58,789	$ 256,520	$ 69,112

Source: Charter School records

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

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

Source: Charter School records

OPERATING INFORMATION

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

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

Source: Charter School's Records

UNION COUNTY TEAMS CHARTER SCHOOL
Operating Statistics
Last Seven Fiscal Years

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil / Teacher Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	Percent Change in Average Daily Enrollment	Student Attendance Percentage
2012	277	$ 3,475,438	$ 12,547	-5.29%	28	10:1	276.9	265.0	10.80%	95.70%
2011	247	3,272,185	13,248	8.86%	27	9:1	247	244.0	14.57%	98.79%
2010	211	2,567,907	12,170	7.04%	21	10:1	211	206.2	14.93%	97.73%
2009	179.5	2,040,892	11,370	8.44%	13	13:1	179.5	172.3	4.18%	95.99%
2008	172	1,803,354	10,485	7.41%	26	6:1	172	166.5	-1.16%	96.80%
2007	174	1,698,669	9,762	6.13%	N/A	N/A	174	168.1	1.95%	96.61%
2006	170.6	1,569,154	9,198	N/A	N/A	N/A	170.6	163.9	0.00%	96.07%

Source: Charter School's Records

UNION COUNTY TEAMS CHARTER SCHOOL
Insurance Schedule
June 30, 2012

	Coverage
Philadelphia Insurance Companies	
Commercial General Liability	
Educators Professional Liability	
General Aggregate	$2,000,000
Personal & Adv Injury	$2,000,000
Each Occurrence	$1,000,000
Fire Damage	$100,000
Medical Expense (Any one person)	$5,000
Hired Autos Automobile Coverage	
Bodily Injury	$1,000,000
Non-Owned Autos	
Bodily Injury	$1,000,000
Excess Liability Umbrella Form	
Each Occurrence	$1,000,000
Aggregate	$1,000,000
Workers Compensation and Employer's Liability	
Each Accident	$100,000
Disease - Policy Limit	$500,000
Disease - Each Employee	$100,000

Source: Charter School's Records

SINGLE AUDIT SECTION

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

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

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

We have audited the financial statements of the Union County TEAMS Charter School (Charter School), in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated October 11, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

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

October 11, 2012

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

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

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

Compliance

We have audited the compliance of the Union County TEAMS Charter School (Charter School), in the County of Union, State of New Jersey, with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major state programs for the fiscal year ended June 30, 2012. The Charter School's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Charter School's management. Our responsibility is to express an opinion on the Charter School's compliance based on our audit.

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

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

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

Internal Control Over Compliance

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

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

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

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

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

October 11, 2012

UNION COUNTY TEAMS CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June, 30, 2012

Federal Grantor/ Pass-through Grantor Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2011	Prior Year Deferred Revenue	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2012 Accounts Receivable	Balance at June 30, 2012 Deferred Revenue	Balance at June 30, 2012 Due to Grantor
U.S. Department of Education															
Passed-through State Department of Education															
Special Revenue Fund:															
Title I	84.010	NCLB 2012	101,803	9/1/11	8/31/12	$ -	$ -	$ -	$ 101,803	$ (101,803)	$ -	$ -	$ -	$ -	$ -
Title I Carryover	84.010	NCLB 2011	109,321	9/1/10	8/31/11	(25,340)			25,340						
Title II Carryover	84.281	NCLB 2011	1,973	9/1/10	8/31/11	(1,973)			1,973						
Title II Part D Carryover	84.186	NCLB 2011	249	9/1/10	8/31/11	(249)			249						
I.D.E.A. Part B Basic	84.027	NCLB 2012	51,061	9/1/11	8/31/12				51,061	(51,061)					
I.D.E.A. Part B Basic Carryover	84.027	NCLB 2011	43,591	9/1/10	8/31/11	(8,882)			8,882						
Total Special Revenue Fund						(36,444)	-	-	189,308	(152,864)	-	-	-	-	-
U.S. Department of Agriculture															
Passed-through State Department of Education															
Enterprise Fund:															
National School Breakfast Program	10.553	N/A	16,045	7/1/11	6/30/12				11,702	(16,045)			4,343		
National School Breakfast Program (Carryover)	10.553	N/A	11,995	7/1/10	6/30/11	(3,455)			3,455						
National School Lunch Program	10.555	N/A	76,289	7/1/11	6/30/12				57,759	(76,289)			18,530		
National School Lunch Program (Carryover)	10.555	N/A	61,952	7/1/10	6/30/11	(15,787)			15,787						
National School Snack Program	10.558	N/A	5,144	7/1/11	6/30/12				3,860	(5,144)			1,284		
National School Snack Program (Carryover)	10.558	N/A	1,807	7/1/10	6/30/11	(478)			478						
Total Enterprise Fund						(19,720)	-	-	93,041	(97,478)	-	-	24,157	-	-
Total Federal Financial Awards						$ (56,164)	$ -	$ -	$ 282,349	$ (250,342)	$ -	$ -	$ 24,157	$ -	$ -

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

UNION COUNTY TEAMS CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June, 30, 2012

State Grantor/Program Title	Grant Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2011 (Accounts Receivable)	Balance at June 30, 2011 Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2012 (Accounts Receivable)	Balance at June 30, 2012 Deferred Revenue	Balance at June 30, 2012 Due to Grantor	MEMO Budgetary Receivable	MEMO Cumulative Total Expenditures
State Department of Education:															
General Fund:															
"Local Levy" State Share - Charter School Aid	12-495-034-5120-071	$2,797,696	7/1/11	6/30/12	$ -	$ -	$ -	$2,793,107	$ (2,797,696)	$ -	$ 4,589	$ -	$ -	$ 9,178	$ 2,797,696
Security Aid	12-495-034-5120-084	92,664	7/1/11	6/30/12				92,664	(92,664)						92,664
Special Education Aid	12-495-034-5120-089	72,587	7/1/11	6/30/12				72,587	(72,587)						72,587
Nonpublic Aid	12-100-034-5068-042	95,799	7/1/11	6/30/12				90,420	(95,799)		5,379			10,758	95,799
On Behalf TPAF Pension Contributions	12-495-034-5095-006	90,706	7/1/11	6/30/12				90,706	(90,706)						90,706
Reimbursed TPAF - Social Security	12-495-034-5095-002	66,381	7/1/11	6/30/12				66,381	(66,381)						66,381
Reimbursed TPAF - Social Security	11-100-034-5095-002	71,822	7/1/10	6/30/11	(3,218)			3,218							
Total General Fund					(3,218)			3,209,083	(3,215,833)		9,968			19,936	3,215,833
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	12-100-010-3350-023	1,929	7/1/11	6/30/12				1,465	(1,929)		464				1,929
National School Lunch Program Carryover	11-100-010-3350-023	1,513	7/1/10	6/30/11	(401)			401							
Total Enterprise Fund					(401)			1,866	(1,929)		464				1,929
Total State Financial Assistance					$ (3,619)	$ -	$ -	$3,210,949	$ (3,217,762)	$ -	$ 10,432	$ -	$ -	$ 19,936	$ 3,217,762

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

Union County TEAMS Charter School
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2012

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP BASIC FINANCIAL STATEMENTS

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

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

Union County TEAMS Charter School
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2012

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to GAAP basis is zero for the general fund and zero for the special revenue fund. See Note 1 (The Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Charter School's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	$ -	$ 3,215,833	$ 3,215,833
Special Revenue Fund	152,864	-	152,864
Food Service Fund	97,479	1,929	99,408
Total Awards & Financial Assistance	$ 250,343	$ 3,217,762	$ 3,468,105

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOAN OUTSTANDING

Union County TEAMS Charter School has no loan balances outstanding at June 30, 2012.

NOTE 6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

UNION COUNTY TEAMS CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section I – Summary of Auditor's Results

Financial Statements

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

State Awards Section

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

Identification of major state programs:

GMIS Number(s)	Name of State Program
12-495-034-5120-071	Local Levy – State Share

UNION COUNTY TEAMS CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section II – Financial Statement Findings

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

Finding

There were no matters reported.

UNION COUNTY TEAMS CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section III –State Financial Assistance
Findings and Questioned Costs

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

STATE AWARDS

Findings

There were no matters reported.

UNION COUNTY TEAMS CHARTER SCHOOL
Summary Schedule of Prior Year Audit Findings and
Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2012

STATUS OF PRIOR YEAR FINDINGS

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

FINDINGS:

There were no matters reported.