

UNION COUNTY TEAMS CHARTER SCHOOL

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2015

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, 2015***

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
UNION COUNTY TEAMS CHARTER SCHOOL
PLAINFIELD, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**And
Barre & Company, CPAs**

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Secretary, State Board of Education

**UNION COUNTY TEAMS CHARTER SCHOOL
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION.....	1
Letter of Transmittal	2
Organizational Chart	7
Roster of Officials.....	8
Consultants and Advisors	9
FINANCIAL SECTION	10
Independent Auditors' Report	11
REQUIRED SUPPLEMENTARY INFORMATION – PART I.....	15
Management's Discussion and Analysis	16
BASIC FINANCIAL STATEMENTS.....	23
SECTION A – CHARTER SCHOOL – WIDE FINANCIAL STATEMENTS	24
A-1 Statement of Net Position.....	25
A-2 Statement of Activities	26
SECTION B – FUND FINANCIAL STATEMENTS.....	27
GOVERNMENTAL FUNDS.....	28
B-1 Balance Sheet	29
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance	30
B-3 Reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
PROPRIETARY FUNDS	32
B-4 Statement of Fund Net Position.....	33
B-5 Statement of Revenues, Expenses, and Changes in Net Position	34
B-6 Statement of Cash Flows	35
FIDUCIARY FUNDS.....	36
B-7 Statement of Fiduciary Net Position	37
B-8 Statement of Changes in Fiduciary Net Position	N/A
NOTES TO BASIC FINANCIAL STATEMENTS.....	38
REQUIRED SUPPLEMENTARY INFORMATION – PART II.....	74

**UNION COUNTY TEAMS CHARTER SCHOOL
TABLE OF CONTENTS**

Page

FINANCIAL SECTION (CONTINUED)

SECTION C – BUDGETARY COMPARISON SCHEDULES	75
C-1 Budgetary Comparison Schedule – General Fund	76
C-1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	N/A
C-1b Community Development Block Grant - Budget and Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund.....	78
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	79
C-3 Budget-To-GAAP Reconciliation	80
REQUIRED SUPPLEMENTARY INFORMATION - III	81
SECTION L - SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)	82
L-1 Schedule of the Charter School's Proportionate Share fo the Net Pension Liability - PERS	83
L-2 Schedule of Charter School Contributions - PERS.....	84
L-3 Schedule of the Charter School's Proportionate Share of the Net Pension Liability - TPAF	85
L-4 Schedule of Charter School Contributions - TPAF	86
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III	87
OTHER SUPPLEMENTARY INFORMATION	90
SECTION D – SCHOOL BASED BUDGET SCHEDULES	N/A
D-1 Combining Balance Sheet.....	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type - Actual.....	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
SECTION E – SPECIAL REVENUE FUND	91
E-1 Combining Schedule of Revenues and Expenditures – Budgetary Basis.....	92
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis.....	N/A
SECTION F – CAPITAL PROJECTS FUND	N/A
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	N/A

**UNION COUNTY TEAMS CHARTER SCHOOL
TABLE OF CONTENTS**

Page

FINANCIAL SECTION (CONTINUED)

SECTION G – PROPRIETARY FUND 93

ENTERPRISE FUND..... N/A

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

INTERNAL SERVICE FUND..... N/A

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

SECTION H – FIDUCIARY FUNDS 94

H-1 Combining Statement of Fiduciary Net Position 95
 H-2 Combining Statement of Changes in Fiduciary Net Position N/A
 H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements N/A
 H-4 Payroll Agency Fund Schedule of Receipts and Disbursements 96

SECTION I - LONG TERM DEBT SCHEDULES N

I-1 Statement of Serial Bonds..... N/A
 I-2 Schedule of Obligations under Capital Leases N/A
 I-3 Debt Service Fund Budgetary Comparison Schedule N/A

STATISTICAL SECTION (UNAUDITED)..... 97

INTRODUCTION TO THE STATISTICAL SECTION..... 98

FINANCIAL TRENDS 99

J-1 Net Assets/Position by Component 100
 J-2 Changes in Net Assets/Position 101
 J-3 Fund Balances – Governmental Funds 102
 J-4 Changes in Fund Balances – Governmental Funds 103
 J-5 General Fund Other Local Revenue by Source (NJ)..... 104

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

**UNION COUNTY TEAMS CHARTER SCHOOL
TABLE OF CONTENTS**

Page

STATISTICAL SECTION (CONTINUED))

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

OPERATING INFORMATION 105

J-16 Full-Time Equivalent Charter School Employees by Function/Program 106
 J-17 Operating Statistics 107
 J-18 School Building Information N/A
 J-19 Schedule of Required Maintenance Expenditures by School Facility N/A
 J-20 Insurance Schedule 108
 J-21 Charter School Performance Framework, Financial Performance, Fiscal Ratios 109

*Private citizens should be listed as Individual Taxpayer 1, Individual Taxpayer 2, etc.

SINGLE AUDIT SECTION 110

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*..... 111
 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 04-04 113
 K-3 Schedule of Expenditures of Federal Awards – Schedule A 117
 K-4 Schedule of Expenditures of State Financial Assistance – Schedule B..... 118
 K-5 Notes to the Schedules of Awards and Financial Assistance 119
 K-6 Schedule of Findings and Questioned Costs..... 122
 K-7 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management 125

INTRODUCTORY SECTION



515-517 W. 4th Street
Plainfield, NJ 07060
908-754-9043 * Fax 908-754-7790
www.ucteams.org

October 1, 2015

Board of Trustees
Union County TEAMS Charter School
County of Union
Plainfield, New Jersey 07060-4225

Enclosed herewith please find the **Comprehensive Annual Financial Report (“CAFR”)** of the Union County TEAMS Charter School (**“UCTCS”**) for fiscal year 2014-2015.

The **CAFR** includes the Basic Financial Statement of the Charter School, prepared in accordance with Governmental Accounting Standards (**GASB**) Statement 34. The UCTCS Administration utilizes this reporting model because we believe it provides the most useful financial and statistical information appropriate to 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 and financial position and results of operations of UCTCS.

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

- 1. The Introductory Section;** which includes the Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organization Chart;
- 2. The Financial Section;** which includes the Independent Auditor’s Report, the Management’s Discussion and Analysis, Basic Financial Statements, Notes Providing Financial Position and Operating Results Overview, and Other Schedules providing budgetary information.
- 3. 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 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 grant, 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 four (4) appointed members serves as the Governing Body and Policymaker for UCTCS. The Board adopts 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 all fiscal operational and budget management activities, including purchasing and procurement, issuing warrants in payments 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 12. These programs and services include the standard curriculum, special education, basic skills instruction, a gifted and talented protocol and extra-curriculum activities, along with an extended-day after-care program. In concert with our expanded charter that incorporates Grades 9 thru 12, the school provides a comprehensive high school program specifically focused on college preparatory and leadership courses, while maintaining a “Built Environment” theme that encompasses Technology, Engineering, Architecture, Mathematics and Science.

UCTCS completed the 2014-2015 school year with an average annual enrollment of 336.2 students, attaining and maintaining a 97% level of the Original Budget enrollment projection. Average daily attendance for the school year was 324.1, or 96.40% of enrollment.

Economic Condition and Outlook

The NJDOE Office of Charter Schools utilizes a comprehensive **Performance Framework**, incorporating key fiscal standards for assessing the fiscal fitness of the charter school. The objective of this framework is to provide information about the fiscal performance of the school and its prospective sustainability. The fiscal evaluative standards are categorized as **Near Term Indicators** and **Sustainability Indicators**, with each category being comprised of distinct financial measurements that are quantitative as well as qualitative towards assessing the financial health of the charter school.

The **Near Term Indicator** of *Current Ratio, Unrestricted Cash, Enrollment Variance and Default* continue to position UCTCS as being exemplary in performance, with all areas of measurement meeting or exceeding benchmark guidelines set forth in the **Performance Framework**. For example, *Current Ratio* reflects at 5.4 against benchmark of 1.1; *Unrestricted Cash* measures at 55.18 days in comparison to a benchmark threshold of 30 days, while actual enrollment of 97% exceeded the benchmark of 95%.

The **Sustainability Indicators** of *Total Margin, Debt to Asset Ratio, Cash Flow and Debt Service Coverage Ratio* also continue to reflect exemplary performance, with all areas of measurement meeting or exceeding benchmark guidelines. Specifically, *Total Margin* at year-end reflects at 1.9% against a benchmark of 0.1%; *Debt to Asset Ratio* continues at less than 0.2% against a benchmark threshold of 0.9%; *Cash Flow* increased by \$49, 410 (7.7%) when compared to year-end 2014; and the like.

As all performance indicators show, a significantly favorable financial position continued at UC Teams, notwithstanding the absorption of significant first year operational costs associated with the opening of the separate high school facility.

Internal Accounting Controls

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

As 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. Compartment 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 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 Governmental units from 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 an independent auditors.

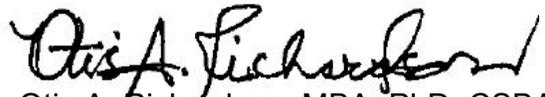
In addition to meeting the requirement set forth in State statutes, the annual audit was designed to meet the requirement of the Single Audit Act of 1984 and the Single Audit Act Amendment of 1996 and the related OMB Circular A-133, *'Audits of State, Local Governments and Non Profit Organizations'*, the New Jersey Circular Letter of 04-04 OMB, *Single Audit 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 on-going support towards continued development and enhanced management its educational programs and financial operations.

Respectfully submitted,

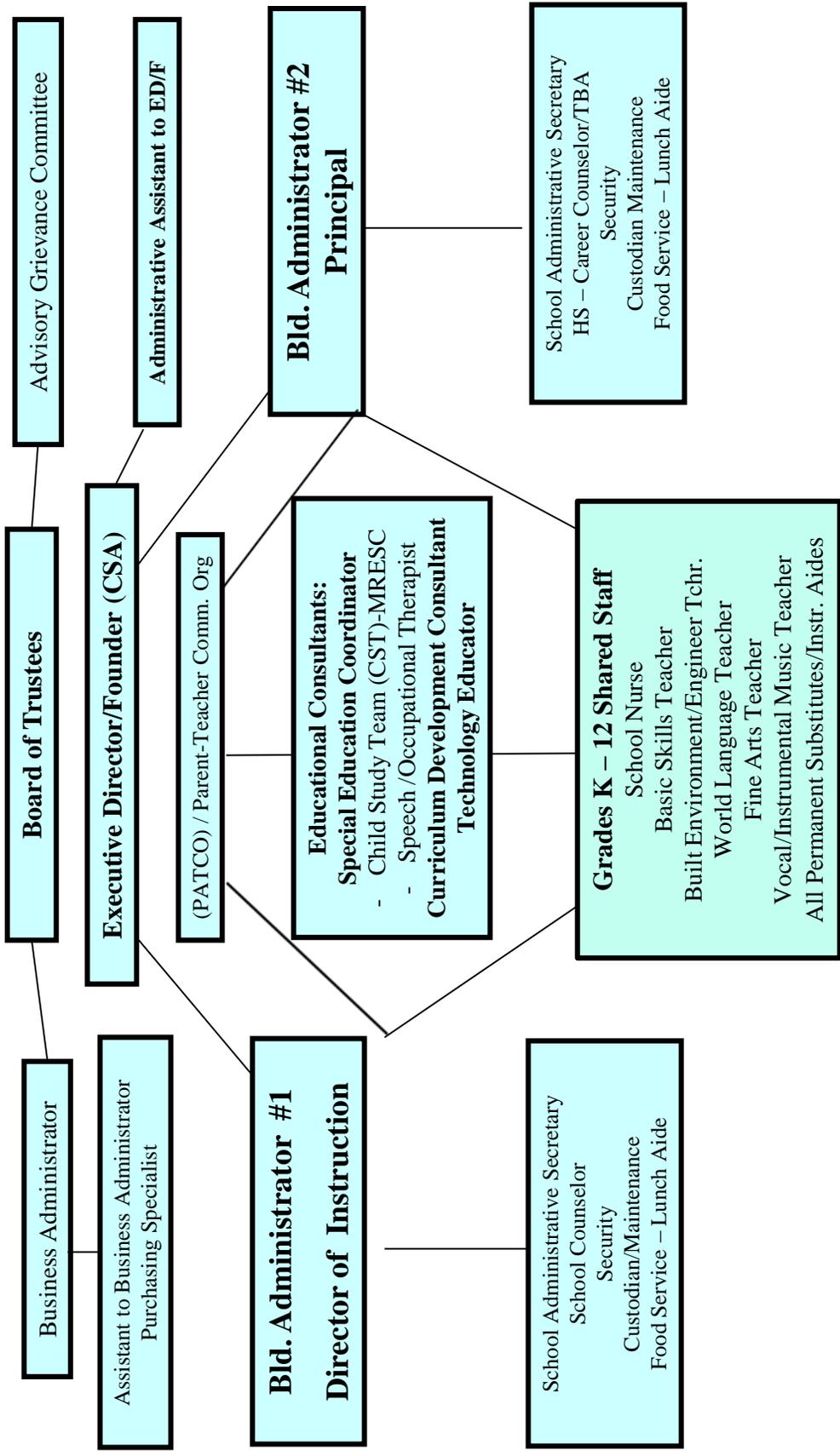


Sheila L. Thorpe
Executive Director/Founder



Otis A. Richardson, MBA, PhD, CSBA
School Business Administrator

The Union County TEAMS Charter School High School/College Leadership Academy K – 12 (2013-- 2014)



Grade	K	1	2	3	4	5	6	7	8	9	10	11	12
Current # of Students	19	20	18	20	18	20	30	40	34	38	35	14	12
Certification	K - 5	-----										Subject Area Specific (K - 12)	Total 318

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

**ROSTER OF OFFICIALS
JUNE 30, 2015**

MEMBERS OF THE BOARD OF TRUSTEES

Clarence Beverly, President

Reggie Bernard Piggee, Vice President

Aisha K. Lawrey, Member

Jerald Lee, Member

Norma Fair-Brown, PhD, Member

OTHER OFFICIALS

Sheila L. Thorpe, Executive Director

Otis A. Richardson, PhD, School Business Administrator

Emma Johnson, Treasurer

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

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

Victor E.D. King
435 West 7th Street
Plainfield NJ 07060
(Resigned March, 2015)

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the 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, 2015, and the related notes to the financial statements, which collectively comprise the Charter School’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Union County TEAMS Charter School, in the County of Union, State of New Jersey, as of June 30, 2015, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 7 to the basic financial statements, the Charter School implemented Governmental Accounting Standard Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions-An Amendment to the GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment if GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions re not modified with respect to this matter. The implementation resulted in the restatement of certain balance on the Statement of Net Position and the ending balance for Net Position for the Governmental Activities as of June 30, 2014 as detailed in Note 13 to the basic financial statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information starting on pages 15 and 74 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's

response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying supplementary information such as the combining and individual fund financial statements and schedules of expenditures of federal awards and state financial assistance, as required by U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," respectively; and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015 on our consideration of the Union County TEAMS Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to

provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards and the Division of Finance, Department of Education, State of Jersey* in considering the Charter School's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read 'Richard M. Barre', with a stylized, cursive script.

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

December 14, 2015

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, 2015
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, 2015. 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 (2014-2015) and the prior year (2013-2014) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2015 are as follows:

- ❖ General revenues accounted for \$4,645,972 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 \$259,102 or 5% percent of total revenues of \$4,905,074.
- ❖ The Charter School had \$4,920,178 in expenses; only \$259,102 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$4,645,972 were not adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$4,517,209 in revenues and \$4,478,311 in expenditures. The General Fund's fund balance increased by \$38,898. This increase was anticipated by the Board of Trustees.
- ❖ During 2015, the Charter School adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(CONTINUED)**

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

Reporting the Charter School as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2015?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(CONTINUED)**

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

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

- ❖ **Governmental Activities** — All of the Charter School's programs and services are reported here including instruction, administration, support services and capital outlay.
- ❖ **Business-Type Activities** — These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service and After-School program funds are reported as a business activity.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Proprietary Fund

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(CONTINUED)**

Notes to the Basic Financial Statements

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

The Charter School as a Whole

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

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

The Charter School's combined net position was a deficit of \$(187,635) for June 30, 2015.

Governmental Activities

The Charter School's total revenues were \$4,694,565 for 2015 and \$4,392,516 for 2014, this includes \$202,530 for 2015 and \$201,890 for 2014 of state reimbursed TPAF social security and pension contributions.

The total cost of all program and services were \$4,709,354 for 2015 and \$4,818,088 for 2014. Instruction comprises 50% of the Charter School expenditures for 2015 and 53% for 2014.

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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(CONTINUED)**

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

Business-Type Activities

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

Food Service

- ❖ Food service expenditures equaled revenues for 2015 and 2014.
- ❖ Charges for services represent \$11,154 for 2015 and \$13,897 for 2014 of revenue. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfasts were \$130,997 for 2015 and \$122,417 for 2014.

After School Program

- ❖ Expenses exceeded revenues by \$315 for 2015 and revenues exceeded expenses for 2014 by \$275
- ❖ Charges for services represent \$24,445 for 2015 and \$30,591 for 2014. This represents amounts paid by parents for the children who attend UCTCS.

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 \$4,694,565 and expenditures were \$4,655,667. This year the net change in fund balance was most significant in the general fund, a increase of \$38,898 for 2015 and an decrease of \$425,572 for 2014.

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, 2015.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(CONTINUED)**

The Charter School's Funds (Continued)

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2014	Percent of Increase/ (Decrease)
Local Sources	\$ 934,798	19.91%	\$ 143,019	18.06%
State Sources	3,582,411	76.31%	180,713	5.31%
Federal Sources	<u>177,356</u>	<u>3.78%</u>	<u>(21,683)</u>	-10.89%
Total	<u>\$ 4,694,565</u>	<u>100.00%</u>	<u>\$ 302,049</u>	

The following schedule represents a summary of the governmental funds expenditures for the fiscal year ended June 30, 2015.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2014	Percent of Increase/ (Decrease)
Instruction	\$ 1,962,370	42.15%	\$ (184,392)	-8.59%
Administration	1,837,244	39.46%	(56,978)	-3.01%
Support Services	<u>856,053</u>	<u>18.39%</u>	<u>78,949</u>	10.16%
Total	<u>\$ 4,655,667</u>	<u>100.00%</u>	<u>\$ (162,421)</u>	

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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(CONTINUED)**

The Charter School's Funds

Capital Assets (Net of Depreciation)

At the end of the fiscal years 2015 and 2014, the Charter School did not have any investments in fixed assets.

For the Future

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

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

Contacting the Charter School's Financial Management

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

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL – WIDE FINANCIAL STATEMENTS

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

UNION COUNTY TEAMS CHARTER SCHOOL
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 644,763	\$ 46,925	\$ 691,688
Interfund Receivables	11,530	12,913	24,443
Receivables	75,249	34,498	109,747
Prepaid Expenses	6,429		6,429
Security Deposit	32,283		32,283
Total Assets	770,254	94,336	864,590
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions	67,259		67,259
Deferred Outflows of Resources	67,259	-	67,259
LIABILITIES:			
Accounts Payable	2,426	69,297	71,723
Interfund Payable	29,150		29,150
Payable to Governments	69,725		69,725
Noncurrent Liabilities:			
Net Pension Liability	895,500		895,500
Total Liabilities	996,801	69,297	1,066,098
DEFERRED INFLOWS OF RESOURCES:			
Pensions	53,386		53,386
Deferred Inflows of Resources	53,386	-	53,386
NET POSITION:			
Unassigned (Deficit)	(212,674)	25,039	(187,635)
Total Net Position (Deficit)	\$ (212,674)	\$ 25,039	\$ (187,635)

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, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes In Net Position			
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction	\$ 1,866,546	\$ 471,471	\$ -	92,506	-	\$ (2,245,511)	-	\$ (2,245,511)
Administration	1,305,139	210,145				(1,515,284)		(1,515,284)
Support Services	856,053					(856,053)		(856,053)
Total Governmental Activities	<u>4,027,738</u>	<u>\$ 681,616</u>	<u>-</u>	<u>92,506</u>	<u>-</u>	<u>(4,616,848)</u>	<u>-</u>	<u>(4,616,848)</u>
BUSINESS-TYPE ACTIVITIES:								
Food Service and After School	210,824		11,154	155,442	-	-	(44,228)	(44,228)
Total Business-Type Activities	<u>210,824</u>		<u>11,154</u>	<u>155,442</u>	<u>-</u>	<u>-</u>	<u>(44,228)</u>	<u>(44,228)</u>
Total Primary Government	<u>\$ 4,238,562</u>		<u>\$ 247,948</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,616,848)</u>	<u>\$ (44,228)</u>	<u>\$ (4,661,076)</u>
GENERAL REVENUES								
General Purposes						\$ 920,540	-	\$ 920,540
Federal and State Aid Not Restricted						3,667,261		3,667,261
Investment Earnings						819		819
Miscellaneous Revenue						13,439	43,913	57,352
Total General Revenues						<u>4,602,059</u>	<u>43,913</u>	<u>4,645,972</u>
Change in Net Position						<u>(14,789)</u>	<u>(315)</u>	<u>(15,104)</u>
Net Position (Deficit) - Beginning of Year-Restated						<u>(197,885)</u>	<u>25,354</u>	<u>(172,531)</u>
Net Position (Deficit) - Ending						<u>\$ (212,674)</u>	<u>\$ 25,039</u>	<u>\$ (187,635)</u>

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

SECTION B – FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

UNION COUNTY TEAMS CHARTER SCHOOL

Governmental Funds

Balance Sheet

June 30, 2015

	General Fund	Special Revenue Fund	Total
ASSETS:			
Cash	\$ 644,763	\$ -	\$ 644,763
Receivables From Other Governments	42,906	29,150	72,056
Interfund Receivables	11,530		11,530
Other Receivables	3,193		3,193
Prepaid Expenses	6,429		6,429
Security Deposit	32,283		32,283
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 741,104</u>	<u>\$ 29,150</u>	<u>\$ 770,254</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 2,426	\$ -	\$ 2,426
Interfund Payables		29,150	29,150
Payable to State Government	30,519		30,519
Payable to District	39,206		39,206
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>72,151</u>	<u>29,150</u>	<u>101,301</u>
Fund Balances:			
Unassigned:			
General Fund	<u>668,953</u>	<u>-</u>	<u>668,953</u>
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>668,953</u>	<u>-</u>	<u>668,953</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 741,104</u>	<u>\$ 29,150</u>	

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

Net pension liability of \$895,500 ,deferred inflows of resources of \$53,386 less deferred outflows of resources of \$67,259 related to pensions are not reported in the governmental funds	<u>(881,627)</u>
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Net Position (Deficit) of Governmental Activities	<u>\$ (212,674)</u>
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The accompanying Notes to Basic Financial Statements are an integral part of this statement.

UNION COUNTY TEAMS CHARTER SCHOOL
 Governmental Funds
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 For The Fiscal Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 920,540	\$ -	\$ 920,540
Interest on Investments	819		819
Miscellaneous	13,439		13,439
Total Local Sources	934,798		934,798
State Sources	3,582,411		3,582,411
Federal Sources		177,356	177,356
Total Revenues	4,517,209	177,356	4,694,565
EXPENDITURES:			
Current:			
Instruction	1,820,731	141,639	1,962,370
Administration	1,837,244		1,837,244
Support Services	820,336	35,717	856,053
Total Expenditures	4,478,311	177,356	4,655,667
NET CHANGE IN FUND BALANCES	38,898	-	38,898
FUND BALANCE, JULY 1	630,055	-	630,055
FUND BALANCE, JUNE 30	\$ 668,953	\$ -	\$ 668,953

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, 2015

Total net change in fund balances - governmental fund (from B-2)	\$ 38,898
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Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Pension costs associated with the PERS pension plan are reported in the governmental funds as expenditures in the year the school pension contribution is paid. However, on the statement of activities, the net difference between the current and prior year net pension liability is recognized	<u>(53,687)</u>
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Change in net position (deficit) of governmental activities	<u><u>\$ (14,789)</u></u>
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The accompanying Notes to Basic Financial Statements are integral part of this statement.

PROPRIETARY FUNDS

UNION COUNTY TEAMS CHARTER SCHOOL
 Proprietary Funds
 Combining Statement of Fund Net Position
 June 30, 2015

	Business-Type Activities Enterprise Funds		Total
	Food Service	After School Program	
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 46,833	\$ 92	\$ 46,925
Receivables:			
Interfund Accounts Receivable	12,913	-	12,913
Intergovernmental Accounts Receivable:			
Federal	33,998		33,998
State	500		500
Total Assets	\$ 94,244	\$ 92	\$ 94,336
LIABILITIES AND NET POSITION:			
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ 69,297	\$ -	\$ 69,297
Total Current Liabilities	69,297	-	69,297
Total Liabilities	69,297	-	69,297
NET POSITION:			
Unassigned	24,947	92	25,039
Total Net Position	24,947	92	25,039
Total Liabilities and Net Position	\$ 94,244	\$ 92	\$ 94,336

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

UNION COUNTY TEAMS CHARTER SCHOOL
 Proprietary Funds
 Combining Statement of Revenues, Expenses, and Changes in Net Position
 For The Fiscal Year Ended June 30, 2015

	Business-Type Activities Enterprise Funds		Total
	Food Service	After School Program	
OPERATING REVENUES:			
Charges for Services:			
Daily Sales Reimbursable Program	\$ 11,154	\$ -	\$ 11,154
Daily Sales Non-reimbursable Program		24,445	24,445
Total Operating Revenues	11,154	24,445	35,599
OPERATING EXPENSES:			
Salaries	-	24,715	24,715
Cost of Sales	183,745		183,745
Supplies and Materials	2,319	45	2,364
Total Operating Expenses	186,064	24,760	210,824
OPERATING (LOSS)	(174,910)	(315)	(175,225)
NONOPERATING REVENUES:			
State Sources:			
State School Lunch Program	1,761		1,761
Federal Sources:			
National School Lunch Program	86,934		86,934
National School Breakfast Program	41,609		41,609
National School Snack Program	693		693
Board Contributions	43,913	-	43,913
Total Nonoperating Revenues	174,910	-	174,910
CHANGE IN NET POSITION	-	(315)	(315)
TOTAL NET POSITION, JULY 1	24,947	407	25,354
TOTAL NET POSITION, JUNE 30	\$ 24,947	\$ 92	\$ 25,039

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, 2015

	Business-Type Activities Enterprise Funds		Total
	Food Service	After School Program	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	11,154	\$ 24,445	\$ 35,599
Cash Payments to Suppliers and Employees	(139,502)	(24,628)	(164,130)
Net Cash Used In Operating Activities	(128,348)	(183)	(128,531)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash Received from State and Federal Reimbursements	130,997		130,997
Board Contributions	43,913	-	43,913
Net Cash Provided by Noncapital Financing Activities	174,910	-	174,910
Net Increase (Decrease) in Cash	46,562	(183)	46,379
Cash, July 1	271	275	546
Cash, June 30	\$ 46,833	\$ 92	\$ 46,925
Reconciliation of Operating Loss to Net Cash Used by:			
Operating Activities:			
Operating (Loss) Used for Operating Activities	\$ (174,910)	\$ (315)	\$ (175,225)
Changes in Assets and Liabilities:			
Decrease in Interfund Accounts Receivable	4,203	132	4,335
Increase in Intergovernmental Accounts Receivable	(15,678)		(15,678)
Increase in Accounts Payable	58,037		58,037
Net Cash Used in Operating Activities	\$ (128,348)	\$ (183)	\$ (128,531)

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

FIDUCIARY FUNDS

UNION COUNTY TEAMS CHARTER SCHOOL
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2015

	Payroll Agency	Net Payroll	Total Agency Funds
ASSETS:			
Cash	\$ 52,082	\$ 4,418	\$ 56,500
Interfund Accounts Receivable	9,125	-	\$ 9,125
Total Assets	<u>\$ 61,207</u>	<u>\$ 4,418</u>	<u>\$ 65,625</u>
LIABILITIES:			
Liabilities:			
Interfund Accounts Payable	\$ -	\$ 4,418	\$ 4,418
Benefits Payable	61,207		61,207
Total Liabilities	<u>\$ 61,207</u>	<u>\$ 4,418</u>	<u>\$ 65,625</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. Reporting Entity

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

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity (Continued)

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

B. Basis of Presentation

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

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

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

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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

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

The Charter School reports the following governmental funds:

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

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

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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

Capital Projects Fund: Not Applicable

Debt Service Fund: Not applicable.

The Charter School reports the following proprietary fund:

Enterprise (Food Service and After School Program) Funds: The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the Charter School is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Charter School has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Governments should establish a policy that defines operating revenues and expenses that is appropriate to the nature of the activity being reported, and use it consistently from period to period. Transactions for which cash flows are reported as capital and related financing activities, non-capital financing activities, or investing activities normally would not be reported as components of operating income.

The Charter School's Enterprise Fund are comprised of the Food Service Fund operations.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Food Service Fund:	
Equipment	12 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

In its accounting and financial reporting, the Charter School follows the pronouncements of the GASB and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The Charter School's business-type activities and enterprise funds have elected not to apply the standards issued by the FASB after November 30, 1989.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements; however, interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Charter School enterprise funds are charges for daily sales of food, special functions and miscellaneous receipts. Operating expenses for proprietary funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Trust Funds – The unemployment compensation fund is used to account for contributions from the Charter School and employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. Although there is no formal trust agreement, the State of New Jersey requires charter schools to include the unemployment compensation trust as a private-purpose trust fund in the fiduciary fund. The principal and income deposited into this fund are for the sole benefit of the specific individuals or former employees. The management of the Charter School is not involved in determining the amounts current employees contribute to the fund or amounts paid out by the fund. That determination is made by the State of New Jersey. The Unemployment Compensation Fund is recorded as a trust fund because there is no debt issued related to unemployment compensation claims.

C. Basis of Accounting – Measurement Focus

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

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, claims and judgments, and

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting – Measurement (Continued)

compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

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

D. Budgets/Budgetary Control

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

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

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

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

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)	\$ 177,356
Adjustments:	
Less Encumbrances at June 30,2015	-
Plus Encumbrances at June 30,2014	-
Total Revenues and Expenditures (GAAP Basis)	<u>\$ 177,356</u>

E. Encumbrances Accounting

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

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

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

F. Assets, Liabilities, and Equity

Interfund Transactions:

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

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Equity (Continued)

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.

Capital Assets:

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

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

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

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Equity (Continued)

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.

Net Position:

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

Fund Balance Reserves:

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

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Equity (Continued)

Revenues — Exchange and Nonexchange Transactions:

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

Non-exchange transactions, in which the Charter School receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal yearend: property taxes available as an advance, interest, and tuition.

Operating Revenues and Expenses:

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

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Equity (Continued)

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.

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.

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Equity (Continued)

FASB and AICPA Pronouncements.” The statement which is effective for periods beginning after December 15, 2011, amends and supersedes several previously issued GASB statements to incorporate guidance that had been included in AICPA and FASB guidance. The Charter School has adopted this statement for the year ended June 30, 2015.

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” This statement, which is effective for periods beginning after December 15, 2011, amends several previously issued GASB statements to standardize reporting of deferred inflows and outflows of financial resources. The Charter School has amended its financial reporting to comply with this statement for the year ended June 30, 2015.

In March 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65, “Items Previously Reported as Assets and Liabilities.” This statement which is effective for periods beginning after December 15, 2012, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Charter School has adopted this statement for the year ended June 30, 2015.

In March 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 66, “Technical Corrections – 2012, an Amendment of GASB Statements 10 & 62.” This statement which is effective for periods beginning December 15, 2012, purpose is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions and No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The Charter School is in the process of reviewing its obligations under GASB 66, and its potential impact on the financial statements.

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Equity (Continued)

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67, "Financial Reporting for Pension Plans, an Amendment of GASB 25." This statement will be effective for periods beginning with the year ending June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, "Pension Disclosures." The Charter School is in the process of reviewing its obligations under GASB 67, and its potential impact on the financial statements.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions." This statement will be effective for periods beginning with the year ending June 25, 2014. This Statement replaces the requirements of Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers", as well as the requirements of Statement No. 50, "Pension Disclosures." This Statement and Statement No. 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement-determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. The Charter School is in the process of reviewing its obligations under GASB 67, and its potential impact on the financial statements.

I. Pensions

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

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

As of June 30, 2015, cash and cash equivalents and investments of the Charter School consisted of the following:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Proprietary Fund</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Operating Account	\$ 644,763	\$ -	\$ 46,925	\$ 56,500	\$ 748,188

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, 2015 was \$748,188 and the bank balance was \$845,766. All bank balances were covered by federal depository insurance (FDIC) and/or by a collateral pool maintained by the banks as required by GUDPA.

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

**NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES
(CONTINUED)**

Deposits (Continued)

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures* ("GASB 40"), the Charter School's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the Charter School would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by a pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

As of June 30, 2015, none of the cash and cash equivalents for Union County TEAMS Charter School were exposed to custodial credit risk.

The Charter School does not have a policy for the management of custodial credit risk, except as noted above, other than depositing all of its funds in banks covered by GUDPA.

Investments

New Jersey statutes (N.J.S.A.18A:20-37) permit the Charter School to purchase the following types of securities:

- a. When authorized by resolution adopted by a majority vote of all its board members, the Charter School may use moneys which may be in hand for the purchase of the following types of securities, which, if suitable for registry, may be registered in the name of the Charter School;
 - (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
 - (2) Government money market mutual funds;
 - (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest no dependent on any index or other external factor;
 - (4) Bonds or other obligations of the charter school or bonds or other obligations of local unit or units within which the charter school is located;

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

**NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES
(CONTINUED)**

Investments (Continued)

- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by charter schools;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or
- (8) Agreements for the repurchase of fully collateralized securities, if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days; and
 - d. the underlying securities are purchased through a public depository as defined in Section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

Credit Risk: The Charter School does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosures be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The Charter School did not have any investments at June 30, 2015.

Interest Rate Risk: The Charter School does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Charter School did not have any investments at June 30, 2015.

Concentration of Credit Risk: The Charter School places no limit on the amount they may invest in any one issuer. The Charter School did not have any investments at June 30, 2015.

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3: RECEIVABLES

Receivables at June 30, 2015 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	\$ -	\$ 500
Federal Aid	29,150	63,148
Other	46,099	46,099
Gross Receivables	<u>75,249</u>	<u>109,747</u>
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u><u>\$ 75,249</u></u>	<u><u>\$ 109,747</u></u>

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, 2015:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 29,150	\$ 17,620
Special Revenue Fund		29,150
Proprietary Fund	12,913	
Fiduciary Fund	<u>9,125</u>	<u>4,418</u>
Total	<u><u>\$ 51,188</u></u>	<u><u>\$ 51,188</u></u>

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 5: CAPITAL ASSETS

There were no capital assets for the fiscal year ended June 30, 2015.

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

There was no depreciation expense for the year ending June 30, 2015.

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. 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. A new five (5) year lease agreement was entered into commencing July 1, 2014 and ending June 30, 2019 requiring a base annual rental of \$447,122.

The Charter School entered into another lease with Saint Mary's Church for facilities located at 501-513 West Sixth Street, Plainfield, New Jersey. The lease is for the period December 1, 2013 to June 30, 2014 at a monthly rental of \$12,283. The lease was renewed from July 1, 2014 to June 30, 2019. A security deposit was deposited with the landlord in the amount of \$12,283. The annual rent for the period July 1, 2014 to June 30, 2015 is \$150,246. Total lease payments for the year for both locations amounted to \$600,990

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7: PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7: PENSION PLANS (CONTINUED)

Benefits Provided (Continued)

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

Contributions

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

The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Charter School contributions to PERS amounted to \$ 36,929 for fiscal year 2015.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased on over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2015, the Charter School reported a liability of \$ 895,500 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 which was rolled forward to June 30,

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7: PENSION PLANS (CONTINUED)

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

2014. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the Charter School's proportion was 0.00478296%, which was an increase of 0.00025768% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2014, the Charter School recognized pension expense of \$ 34,097 . At June 30, 2014, the Charter School reported deferred outflows of resources and deferred related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 55,970	\$ -
Changes in Proportion	535,447	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	106,073
	\$ 591,417	\$ 106,073

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

Fiscal Year Ending June 30,	Total
2015	\$ (22,991)
2016	(22,991)
2017	(22,991)
2018	(22,991)
2019	18,046
Thereafter	7,940
	\$ (65,978)

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7: PENSION PLANS (CONTINUED)

Actuarial Assumptions

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

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

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2014 are summarized in the following table:

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgage	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and June 30, 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and June 30, 2013, respectively based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments after that date in determining the total pension liability.

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Fiscal Year Ended June 30, 2014			
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
Charter School's proportionate share of the Net Pension Liability	\$ 2,239,197	\$ 1,779,917	\$ 1,394,240

Fiscal Year Ended June 30, 2013			
	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
Charter School's proportionate share of the Net Pension Liability	\$ 1,472,738	\$ 1,183,048	\$ 940,325

Pension Plan Fiduciary Net Position

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

B. Teacher's Pension Annuity Fund (TPAF)

Pension Description

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

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7: PENSION PLANS (CONTINUED)

Benefit Provided

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

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

Contributions

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

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

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7: PENSION PLANS (CONTINUED)

Contributions (Continued)

This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal years ended 2015, the State of New Jersey contributed \$ 25,549 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$ 39,658 .

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

As June 30, 2015, the State's proportionate share of the net pension liability associated with the Charter School was \$ 4,989,754 . The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014.

The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, Charter School's proportion was 0.009335937%, which was a decrease of 0.0007671% from its proportion measured as of June 30, 2013.

Charter School's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	<u>9,721,704</u>
Total	<u><u>\$ 9,721,704</u></u>

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7: PENSION PLANS (CONTINUED)

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

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the Charter School in the amount of \$ 39,658 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2015 financial statements.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 2,306,623,861	\$ -
Difference Between Expected and Actual Experience		21,969,019
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		<u>1,741,236,574</u>
	<u>\$ 2,306,623,861</u>	<u>\$ 1,763,205,593</u>

The \$ 2,306,623,861 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$ 1,763,205,593 reported as a deferred inflow of resources resulting from the difference between projected and actual.

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2016	\$ (130,688,498)
2017	(130,688,498)
2018	(130,688,498)
2019	(130,688,498)
2020	304,620,646
Thereafter	<u>761,551,612</u>
	<u>\$ 543,418,266</u>

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7: PENSION PLANS (CONTINUED)

Actuarial Assumptions

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

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

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

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF' target asset allocation as of June 30, 2014 is summarized in the following table:

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7: PENSION PLANS (CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-U.S. Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad U.S. Equities	25.90%	5.88%
Large CAP U.S. Equities	0.00%	5.62%
Mid CAP U.S. Equities	0.00%	6.39%
Small CAP U.S. Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds / Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.68% and 4.95% as of June 30, 2014 and June 30, 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and June 30, 2013, respectively based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7: PENSION PLANS (CONTINUED)

Discount Rate – TPAF (Continued)

employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on applied to projected benefit payments after that date in determining the total pension liability.

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

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

Fiscal Year Ended June 30, 2014			
	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
Charter School's proportionate share of the Net Pension Liability	\$ 11,772,797	\$ 9,788,336	\$ 8,137,784

Fiscal Year Ended June 30, 2013			
	1% Decrease (3.95%)	Current Discount Rate (4.95%)	1% Increase (5.95%)
Charter School's proportionate share of the Net Pension Liability	\$ 7,892,563	\$ 6,569,702	\$ 5,478,146

Pension Plan Fiduciary Net Position – TPAF

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

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7: PENSION PLANS (CONTINUED)

C. Defined Contribution Retirement Program (DCRP)

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

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

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

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

For DCRP, the Charter School recognized no pension expense for the fiscal year ended June 30, 2015. There were no employee contributions to DCRP for the fiscal year ended June 30, 2015.

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

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, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides employer paid 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 \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The school contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/gasb43-sept2008.pdf.

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 9: RISK MANAGEMENT

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

Property and Liability Insurance

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

NOTE 10: FUND BALANCE APPROPRIATED

General Fund

The General Fund fund balance of \$668,953 in the fund financial statements at June 30, 2015 is unassigned and undesignated

NOTE 11: SCHOOL PROBATION

On March 5, 2014, the State of New Jersey Department of Education placed the school on probation for academic performance in grades three through eight until February 29, 2016.

NOTE 12: SUBSEQUENT EVENTS

The Union County TEAMS Charter School's management has informed us that there are no significant events that need to be disclosed after the balance sheet date through the date of the audit.

NOTE 13: CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2015, the Charter School implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 13: CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION (CONTINUED)

Measurement Date – an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2014.

Net Position at June 30, 2014	\$	630,055
Adjustments:		
Net Pension Liability		(864,869)
Deferred Outflow - Payments Subsequent to Measurement Date		36,929
Total Adjustments		(827,940)
Restated Net Position June 30, 2014	\$	(197,885)

Other than employer contributions subsequent to the measurement date, the Charter School made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

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, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
"Local Levy" Local Share-Charter School Aid	\$ 965,533	\$ (44,993)	\$ 920,540	\$ 920,540	\$ -
Total Local Sources	965,533	(44,993)	920,540	920,540	-
Categorical Aid:					
"Local Levy" State Share-Charter School Aid	3,786,241	(590,872)	3,195,369	3,195,369	-
Special Education	124,589	(32,083)	92,506	92,506	-
Security Aid	160,504	(68,498)	92,006	92,006	-
Total Categorical Aid	4,071,334	(691,453)	3,379,881	3,379,881	-
Other Sources:					
Interest Income				819	819
Miscellaneous Revenue				13,439	13,439
On-Behalf TPAF Pension Contributions (Non-Budgeted)				115,766	115,766
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				86,764	86,764
Total Other Sources	-	-	-	216,788	216,788
Total Revenues	5,036,867	(736,446)	4,300,421	4,517,209	216,788
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,616,409	(117,670)	1,498,739	1,487,490	11,249
Purchased Prof/Tech Services	155,200	-	155,200	130,139	25,061
Other Purchased Services	85,001	(9,818)	75,183	58,840	16,343
General Supplies	140,000	(13,623)	126,377	106,351	20,026
Textbooks	25,000	17,000	42,000	31,701	10,299
Miscellaneous	12,500	-	12,500	6,210	6,290
Total Instruction	2,034,110	(124,111)	1,909,999	1,820,731	89,268
Administration:					
Salaries of Principals	511,547	(77,162)	434,385	433,671	714
Salaries of Other Professional Staff	112,173	(9,301)	102,872	98,875	3,997
Salaries of Secretarial/Clerical Assistants	139,196	-	139,196	130,461	8,735
Total Benefits Cost	540,000	(29,365)	510,635	509,605	1,030
Other Purchased Professional Services	354,800	(41,906)	312,894	287,928	24,966
Other Purchased Services	65,000	50,391	115,391	115,261	130
Communications/Telephone	33,000	6,350	39,350	21,700	17,650
Supplies and Materials	30,000	7,500	37,500	28,781	8,719
Miscellaneous Expenses	11,500	(328)	11,172	8,432	2,740
Total Administration	1,797,216	(93,821)	1,703,395	1,634,714	68,681

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

UNION COUNTY TEAMS CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued From Prior Page)					
Support Services:					
Rental of Land and Buildings	\$ 586,700	\$ 19,858	\$ 606,558	\$ 600,990	\$ 5,568
Transportation-Other Than To/From School	20,000	(3,000)	17,000	14,587	2,413
Insurance for Property, Liability and Fidelity	70,000	(18,269)	51,731	39,913	11,818
Supplies and Materials	25,000	1,409	26,409	21,614	4,795
Energy Costs (Heat and Electricity)	8,500	29,010	37,510	35,627	1,883
Miscellaneous Expenses	90,800	16,826	107,626	107,605	21
Total Support Services	<u>801,000</u>	<u>45,834</u>	<u>846,834</u>	<u>820,336</u>	<u>26,498</u>
On-Behalf TPAF Pension Contributions (Non-Budgeted)				115,766	(115,766)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				86,764	(86,764)
Total Expenditures	<u>4,632,326</u>	<u>(172,098)</u>	<u>4,460,228</u>	<u>4,478,311</u>	<u>(18,083)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	404,541	(564,348)	(159,807)	38,898	198,705
FUND BALANCE, JULY 1	<u>630,055</u>		<u>630,055</u>	<u>630,055</u>	<u>-</u>
FUND BALANCE, JUNE 30	<u>\$ 1,034,596</u>	<u>\$ (564,348)</u>	<u>\$ 470,248</u>	<u>\$ 668,953</u>	<u>\$ 198,705</u>
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures: Budgeted Fund Balance	<u>\$ 1,034,596</u>	<u>\$ (564,348)</u>	<u>\$ 470,248</u>	<u>\$ 668,953</u>	<u>\$ 198,705</u>
Total	<u>\$ 1,034,596</u>	<u>\$ (564,348)</u>	<u>\$ 470,248</u>	<u>\$ 668,953</u>	<u>\$ 198,705</u>

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

UNION COUNTY TEAMS CHARTER SCHOOL
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Federal	\$ 182,686	\$ -	\$ 182,686	\$ 177,356	\$ (5,330)
Total Revenues	<u>182,686</u>	<u>-</u>	<u>182,686</u>	<u>177,356</u>	<u>(5,330)</u>
EXPENDITURES:					
Instruction:					
Salaries	142,795	-	142,795	139,789	3,006
General Supplies	1,850	-	1,850	1,850	-
Total Instruction	<u>144,645</u>	<u>-</u>	<u>144,645</u>	<u>141,639</u>	<u>3,006</u>
Support Services:			-		
Salaries	1,250	-	1,250	1,250	-
Personal Services - Employee Benefits	35,185	-	35,185	34,467	718
Purchased Technical Services	1,606	-	1,606	-	1,606
Total Support Services	<u>38,041</u>	<u>-</u>	<u>38,041</u>	<u>35,717</u>	<u>2,324</u>
Total Expenditures	<u>182,686</u>	<u>-</u>	<u>182,686</u>	<u>177,356</u>	<u>5,330</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

**UNION COUNTY TEAMS CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED**

	Fiscal Year Ending June 30,	
	2014	2015
Charter School's proportion of the net pension liability	0.00452527%	0.004782956%
Charter School's proportionate share of the net pension liability	\$ 864,869	\$ 895,500
Charter School's covered employees payroll	\$ 762,746	\$ 664,257
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	113%	135%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%

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

UNION COUNTY TEAMS CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,	
	2014	2015
Contractually required contribution	\$ 34,097	\$ 39,430
Contributions in relation to the contractually required contribution	<u>(34,097)</u>	<u>(36,929)</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ 2,501</u>
Charter School's covered employee payroll	\$ 762,746	\$ 664,257
Contributions as a percentage of covered employee payroll	4.47%	5.94%

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

**UNION COUNTY TEAMS CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER'S PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED**

	Fiscal Year Ending June 30,	
	2014	2015
State's proportion of the net pension liability attributable of the Charter School	0.0101031%	0.00478296%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 5,106,012	\$ 4,989,754
Charter School's covered employees payroll	\$ 1,679,759	\$ 1,627,279
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	303.97%	306.63%
Plan fiduciary net position as a p ercentage of the total pension liability	33.76%	33.64%

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

UNION COUNTY TEAMS CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL'S CONTRIBUTIONS
TEACHER'S PENSION AND ANNUITY FUND
LAST FISCAL YEAR
UNAUDITED

	<i>Fiscal year</i> Ending June 30, <u>2015</u>
Contractually required contribution	\$ 39,658
Contributions in relation to the contractually required contribution	<u>(25,549)</u>
Contribution deficiency/(excess)	<u>\$ 14,109</u>
Charter School's covered employee payroll	\$ 1,679,759
Contributions as a percentage of covered employee payroll	2.36%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION III

UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR FISCAL YEAR ENDED JUNE 30, 2014

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHER'S PENSION AND ANNUITY FUND
FOR FISCAL YEAR ENDED JUNE 30, 2014

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

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

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

UNION COUNTY TEAMS CHARTER SCHOOL

E-1

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2015

	<u>Title I</u>	<u>I.D.E.A. Part B</u>	<u>Grand Total</u>
REVENUE SOURCES:			
Federal	\$ 116,771	\$ 60,585	\$ 177,356
Total Revenues	<u>116,771</u>	<u>60,585</u>	<u>177,356</u>
EXPENDITURES:			
Instruction:			
Salaries	93,174	46,615	139,789
General Supplies	<u>-</u>	<u>1,850</u>	<u>1,850</u>
Total Instruction	<u>93,174</u>	<u>48,465</u>	<u>141,639</u>
Support Services:			
Salaries	1,250	-	1,250
Personal Services - Employee Benefits	<u>22,347</u>	<u>12,120</u>	<u>34,467</u>
Total Support Services	<u>23,597</u>	<u>12,120</u>	<u>35,717</u>
Total Expenditures	<u>116,771</u>	<u>60,585</u>	<u>177,356</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SECTION G – PROPRIETARY FUND
DETAIL STATEMENTS**

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

Food Services Fund – The fund provides for the operation of food services within the Charter School.

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

**SECTION H – FIDUCIARY FUNDS
DETAIL STATEMENTS**

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

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

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

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

Payroll Fund – this agency fund is used to account for payroll transactions of the Charter School.

UNION COUNTY TEAMS CHARTER SCHOOL
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2015

	<u>Payroll Agency</u>	<u>Net Payroll</u>	<u>Total Agency Fund</u>
ASSETS:			
Cash	\$ 52,082	\$ 4,418	\$ 56,500
Interfund Accounts Receivable	<u>9,125</u>	<u>-</u>	<u>9,125</u>
Total Assets	<u><u>\$ 61,207</u></u>	<u><u>\$ 4,418</u></u>	<u><u>\$ 65,625</u></u>
LIABILITIES:			
Interfund Accounts Payable	\$ -	\$ 4,418	\$ 4,418
Benefits Payable	<u>61,207</u>	<u>-</u>	<u>61,207</u>
Total Liabilities	<u><u>\$ 61,207</u></u>	<u><u>\$ 4,418</u></u>	<u><u>\$ 65,625</u></u>

UNION COUNTY TEAMS CHARTER SCHOOL
 Fiduciary Funds
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For The Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
ASSETS:				
Cash and Cash Equivalents	\$ 74,370	\$ 944,008	\$ 966,296	\$ 52,082
Interfund Accounts Receivable	-	9,125	-	9,125
Total Assets	\$ 74,370	\$ 953,133	\$ 966,296	\$ 61,207
LIABILITIES:				
Interfund Payable	\$ 37,865	\$ 922,936	\$ 960,801	\$ -
Benefits Payable	36,505	61,207	36,505	61,207
Payroll Deductions and Withholdings	-	(31,010)	(31,010)	-
Total Liabilities	\$ 74,370	\$ 953,133	\$ 966,296	\$ 61,207

-

STATISTICAL SECTION

(UNAUDITED)

Union County TEAMS Charter School has been in operation for ten (10) 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 ten (10) 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 Charter School'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 Charter School implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting charter school-wide information include information beginning in that year.*

FINANCIAL TRENDS

UNION COUNTY TEAMS CHARTER SCHOOL
 Net Position by Component
 Last Ten Fiscal Years
(accrual basis of accounting)
 Unaudited

	Fiscal Year Ending June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities										
Unassigned	\$ (212,674)	\$ 630,055	\$ 1,055,627	\$ 805,290	\$ 367,135	\$ 429,804	\$ 295,182	\$ 384,391	\$ 325,632	\$ 69,112
Total Governmental Activities Net Assets/Position (Deficit)	\$ (212,674)	\$ 630,055	\$ 1,055,627	\$ 805,290	\$ 367,135	\$ 429,804	\$ 295,182	\$ 384,391	\$ 325,632	\$ 69,112
Business-Type Activities										
Unassigned	\$ 25,039	\$ 25,079	\$ 25,079	\$ 25,079	\$ 32,394	\$ 41,444	\$ 47,987	\$ (51,879)	\$ (26,102)	\$ 359
Total Business-Type Activities Net Position	\$ 25,039	\$ 25,079	\$ 25,079	\$ 25,079	\$ 32,394	\$ 41,444	\$ 47,987	\$ (51,879)	\$ (26,102)	\$ 359
Charter School-wide										
Unassigned	\$ (187,635)	\$ 655,134	\$ 1,080,706	\$ 830,369	\$ 399,529	\$ 471,248	\$ 343,169	\$ 332,512	\$ 299,530	\$ 69,471
Total Charter School Net Position (Deficit)	\$ (187,635)	\$ 655,134	\$ 1,080,706	\$ 830,369	\$ 399,529	\$ 471,248	\$ 343,169	\$ 332,512	\$ 299,530	\$ 69,471

Source: Comprehensive Annual Financial Report

UNION COUNTY TEAMS CHARTER SCHOOL

Changes in Net Position
Last Ten Fiscal Years
Unaudited

	Fiscal Year Ending June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental Activities:										
Instruction	\$ 2,338,017	\$ 2,571,765	\$ 2,431,378	\$ 1,950,537	\$ 1,811,013	\$ 1,585,780	\$ 1,168,613	\$ 1,038,745	\$ 1,182,725	\$ 949,900
Administration	1,515,284	1,469,219	1,137,210	966,735	1,037,160	760,327	632,188	530,271	452,725	452,383
Support Services	856,053	777,104	775,694	711,030	579,146	450,241	412,789	395,767	458,231	418,894
Capital Outlay	4,709,354	4,818,088	4,344,282	3,628,302	3,427,319	2,796,348	2,213,590	2,704	18,301	23,500
Total Governmental Activities Expenses	<u>9,418,708</u>	<u>9,596,366</u>	<u>8,688,564</u>	<u>7,247,606</u>	<u>6,824,638</u>	<u>5,692,706</u>	<u>5,427,180</u>	<u>5,772,787</u>	<u>6,211,982</u>	<u>1,844,677</u>
Food Service and After School	210,824	171,437	202,292	205,996	152,163	125,193	136,457	78,179	67,155	25,550
Total Business-Type Activities Expenses	<u>210,824</u>	<u>171,437</u>	<u>202,292</u>	<u>205,996</u>	<u>152,163</u>	<u>125,193</u>	<u>136,457</u>	<u>78,179</u>	<u>67,155</u>	<u>25,550</u>
Total Charter School Expenses	<u>\$ 4,920,178</u>	<u>\$ 4,989,525</u>	<u>\$ 4,546,574</u>	<u>\$ 3,834,298</u>	<u>\$ 3,579,482</u>	<u>\$ 2,921,541</u>	<u>\$ 2,350,047</u>	<u>\$ 2,045,666</u>	<u>\$ 2,179,137</u>	<u>\$ 1,870,227</u>
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	92,506	100,016	106,748	72,587	-	-	29,946	27,093	51,318	47,935
Total Governmental Activities Expenses	<u>92,506</u>	<u>100,016</u>	<u>106,748</u>	<u>72,587</u>	<u>-</u>	<u>-</u>	<u>29,946</u>	<u>27,093</u>	<u>51,318</u>	<u>47,935</u>
Business-Type Activities:										
Charges for Services	11,154	13,897	48,104	51,973	65,845	54,999	63,507	78,905	10,133	5,296
Operating Grants and Contributions	155,442	122,417	124,282	130,045	123,113	98,260	94,578	105,725	30,562	20,613
Total Business-Type Activities Expenses	<u>166,596</u>	<u>136,314</u>	<u>172,386</u>	<u>182,018</u>	<u>188,958</u>	<u>153,259</u>	<u>158,085</u>	<u>184,630</u>	<u>40,695</u>	<u>25,909</u>
Total Charter School Program Revenues	<u>\$ 259,102</u>	<u>\$ 236,330</u>	<u>\$ 279,134</u>	<u>\$ 254,605</u>	<u>\$ 188,958</u>	<u>\$ 153,259</u>	<u>\$ 188,031</u>	<u>\$ 211,723</u>	<u>\$ 92,013</u>	<u>\$ 73,844</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (4,616,848)	\$ (4,718,072)	\$ (4,237,534)	\$ (3,555,715)	\$ (3,427,319)	\$ (2,796,348)	\$ (2,183,644)	\$ (1,940,394)	\$ (2,060,664)	\$ (1,796,742)
Business-Type Activities	(44,228)	(35,123)	(29,906)	(23,978)	36,795	28,066	21,628	106,451	(26,460)	359
Total Charter School-wide Net Expense	<u>\$ (4,661,076)</u>	<u>\$ (4,753,195)</u>	<u>\$ (4,267,440)</u>	<u>\$ (3,579,693)</u>	<u>\$ (3,390,524)</u>	<u>\$ (2,768,282)</u>	<u>\$ (2,162,016)</u>	<u>\$ (1,833,943)</u>	<u>\$ (2,087,124)</u>	<u>\$ (1,796,383)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
General Purposes	\$ 920,540	\$ 790,575	\$ 787,521	\$ 679,641	\$ 557,219	\$ 426,596	\$ 320,113	\$ 470,599	\$ 366,174	\$ 1,060,775
Federal and State Aid Not Restricted	3,667,261	3,500,721	3,698,901	3,296,110	2,766,163	2,499,953	1,770,552	1,502,230	1,858,521	798,669
Investment Earnings	819	1,204	1,404	770	784	970	3,414	-	-	-
Miscellaneous Income	13,439	0	45	17,349	40,485	3,451	356	24,396	91,222	4,505
Total Governmental Activities	<u>4,602,059</u>	<u>4,292,500</u>	<u>4,487,871</u>	<u>3,993,870</u>	<u>3,364,651</u>	<u>2,930,970</u>	<u>2,094,435</u>	<u>1,997,225</u>	<u>2,315,917</u>	<u>1,863,949</u>
Business-Type Activities:										
Miscellaneous Revenue	43,913	35,398	63,214	47,300	-	-	52,660	-	-	-
Total Business-Type Activities	<u>43,913</u>	<u>35,398</u>	<u>63,214</u>	<u>47,300</u>	<u>-</u>	<u>-</u>	<u>52,660</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Charter School-wide	<u>\$ 4,645,972</u>	<u>\$ 4,327,898</u>	<u>\$ 4,551,085</u>	<u>\$ 4,041,170</u>	<u>\$ 3,364,651</u>	<u>\$ 2,930,970</u>	<u>\$ 2,147,095</u>	<u>\$ 1,997,225</u>	<u>\$ 2,315,917</u>	<u>\$ 1,863,949</u>
Change in Net Position (Deficit)										
Governmental Activities	\$ (14,789)	\$ (425,572)	\$ 250,337	\$ 438,155	\$ (62,668)	\$ 134,622	\$ (89,209)	\$ 56,831	\$ 255,253	\$ 67,207
Business-Type Activities	(315)	275	33,308	23,322	36,795	28,066	74,288	106,451	(26,460)	359
Total Charter School	<u>\$ (15,104)</u>	<u>\$ (425,297)</u>	<u>\$ 283,645</u>	<u>\$ 461,477</u>	<u>\$ (25,873)</u>	<u>\$ 162,688</u>	<u>\$ (14,921)</u>	<u>\$ 163,282</u>	<u>\$ 228,793</u>	<u>\$ 67,566</u>

Source: Comprehensive Annual Financial Report

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

	Fiscal Year Ending June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund Unassigned	\$ 668,953	\$ 630,055	\$ 1,055,627	\$ 805,290	\$ 367,135	429,804	295,182	384,391	325,632	69,112
Total General Fund	<u>\$ 668,953</u>	<u>\$ 630,055</u>	<u>\$ 1,055,627</u>	<u>\$ 805,290</u>	<u>\$ 367,135</u>	<u>\$ 429,804</u>	<u>\$ 295,182</u>	<u>\$ 384,391</u>	<u>\$ 325,632</u>	<u>\$ 69,112</u>

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

Fiscal Year Ending June 30,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local Sources:										
Local Tax Levy	\$ 920,540	\$ 790,575	\$ 787,521	\$ 679,641	\$ 557,219	\$ 426,596	\$ 320,113	\$ 470,599	\$ 366,174	\$ 1,060,775
Interest In Investments	819	1,204	1,404	770	784	970	3,414	1,928	1,267	1,905
Miscellaneous	13,439	-	45	17,349	40,484	3,451	356	24,396	91,222	4,505
State Sources	3,582,411	3,401,698	3,576,584	3,215,833	2,611,029	2,271,512	1,680,740	1,365,190	1,496,526	571,081
Federal Sources	177,356	199,039	229,065	152,864	155,134	228,441	119,758	164,133	413,313	275,523
Total Revenues	4,694,565	4,392,516	4,594,619	4,066,457	3,364,650	2,930,970	2,124,381	2,026,246	2,368,502	1,913,789
Expenditures:										
Instruction	1,962,370	2,146,762	2,057,842	1,577,067	1,434,751	1,269,181	951,184	847,127	945,958	801,831
Administration	1,837,244	1,894,222	1,510,746	1,340,205	1,333,154	1,114,792	849,617	863,230	693,278	588,454
Support Services	856,053	777,104	775,694	711,030	659,414	412,375	412,789	254,426	454,445	430,892
Capital Outlay						-	-	2,704	18,301	23,500
Total Expenditures	4,655,667	4,818,088	4,344,282	3,628,302	3,427,319	2,796,348	2,213,590	1,967,487	2,111,982	1,844,677
Net Change in Fund Balance	\$ 38,898	\$ (425,572)	\$ 250,337	\$ 438,155	\$ (62,669)	\$ 134,622	\$ (89,209)	\$ 58,759	\$ 256,520	\$ 69,112

Source: Comprehensive Annual Financial Report

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

Fiscal Year Ending June 30,	Interest	Miscellaneous Revenue	Total
2015	\$ 819	\$ 13,439	\$ 14,258
2014	1,204	-	1,204
2013	1,404	45	1,449
2012	770	17,349	18,119
2011	784	40,484	41,268
2010	970	3,451	4,421
2009	3,414	356	3,770
2008	1,928	24,396	26,324
2007	-	91,222	91,222
2006	-	4,505	4,505

Source: Charter School records

OPERATING INFORMATION

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

Function	2015	2014	2013	2011	2010	2009	2008	2007	2006
Instruction	45	32	31	28	21	21	19	N/A	N/A
Administrative	7	7	7	8	5	3	3	N/A	N/A
Support Services	4	6	14	5	5	5	4	N/A	N/A
Food Service	2	2	2	2	1	1	1	N/A	N/A
Total	58	47	54	43	32	30	27	N/A	N/A

Source: Charter School's Records

UNION COUNTY TEAMS CHARTER SCHOOL
 Operating Statistics
 Last Ten Fiscal Years
Unaudited

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
2015	336	4,655,667	\$ 13,856	-9.41%	45	10:1	336.2	324.1	8.06%	96.40%
2014	315	4,818,088	15,296	6.68%	31	10:1	309.1	297.2	0.91%	96.15%
2013	303	4,344,282	14,338	10.90%	28	10:1	306.3	293.3	9.60%	95.76%
2012	277	3,581,002	12,928	-2.41%	27	9:1	276.9	265.0	10.80%	95.70%
2011	247	3,272,185	13,248	8.85%	21	10:1	247	244.0	14.57%	98.79%
2010	211	2,567,907	12,170	7.04%	13	13:1	211	206.2	14.93%	97.73%
2009	179.5	2,040,892	11,370	8.44%	26	6:1	179.5	172.3	4.18%	95.99%
2008	172	1,803,354	10,485	7.40%	N/A	N/A	172	166.5	-1.16%	96.80%
2007	174	1,698,669	9,762	N/A	N/A	N/A	174	168.1	1.95%	96.61%
2006	170.6	1,569,154	9,198	#DIV/0!			170.6	163.9	0.00%	96.07%

Source: Charter Schools' Records

UNION COUNTY TEAMS CHARTER SCHOOL
Insurance Schedule
June 30, 2015

COVERAGE	LIMITS	SUMMARY
Package NJSBAIG P984AD 8/31/14-8/31/15 \$11,294	Covered Locations	515-517 West 4th Street, Plainfield, NJ 07062 501-513 West 6th Street, Plainfield, NJ 07062 44 Stelton Road, Piscataway, NJ 08859
Property	\$350,000,000 \$50,000,000 \$5,000 \$305,000 \$120,000 \$5,000 \$1,000,000 \$10,000,000	Business Personal Property-Replacement Cost (515-517 W 4th) Business Personal Property-Replacement Cost (501-513 W 6th) Business Personal Property-Replacement Cost (44 Stelton) EDP Equipment and Media (Computers) (515-517 W 4th) EDP Equipment and Media (Computers) (501-513 W 6th) EDP Equipment and Media (Computers) (44 Stelton) Extra Expense Valuable Papers
Crime	\$157,000 \$157,000 \$50,000	Bond - Board Secretary - Otis Richardson Bond - Treasurer Public Employee Dishonesty with Faithful Performance
General Liability	\$11,000,000 \$11,000,000 \$11,000,000 \$11,000,000 \$11,000,000 \$17,000,000 \$100,000 \$5,000 \$1,000,000	Aggregate Products/Completed Operations Aggregate Personal Injury and Advertising Injury Each Occurrence Abuse and Molestation Annual NYSIG Aggregate Fire Legal Liability (Any One Fire) Medical Expense (Any One Person) Terrorism
Automobile Liability	\$11,000,000 To Include:	Each Occurrence Combined Single Limit per occurrence for Bodily Injury and Property Damage for Hired/Non Owned Automobiles
Student Accident Markell 10731198 \$1,607	\$1,000,000 To Include:	Occurrence Basic/Sports ALL Students Accidents and Injuries
School Leaders E&O NJSBAIG EO984AD 7/8/14-7/8/15 \$7,534	\$1,000,000 \$100,000 \$300,000	Each Accident Each Employee Policy Limit
Workers' Compensation NJSBAIG W984AD 8/31/14-8/31/15 \$18,023 \$2,030,406 School Professional \$146,231 Non-Professional	\$2,000,000 \$2,000,000 \$2,000,000	Bodily Injury by Accident-Each Accident Bodily Injury by Disease-Policy Limit Bodily Injury BY Disease-Each Employee
Supplemental Indemnity NJSBAIG 6477-5774 8/31/14-8/31/15 \$633	Statutory	7 Day Waiting Period

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

	2013 Audit	2014 Audit	2015 Audit	Source
Cash	\$ 1,191,901	\$ 642,278	\$ 691,688	Audit: Exhibit A-1
Current Assets	1,306,635	807,739	864,590	Audit: Exhibit A-1
Total Assets	1,306,635	807,739	864,590	Audit: Exhibit A-1
Current Liabilities	225,929	152,330	170,598	Audit: Exhibit A-1
Total Liabilities	225,929	152,330	1,066,098	Audit: Exhibit A-1
Net Assets	1,080,706	655,409	(187,635)	Audit: Exhibit A-1
Total Revenue	4,733,697	4,564,228	4,905,074	Audit: Exhibit A-2
Total Expenses	4,483,360	4,989,525	4,920,178	Audit: Exhibit A-2
Change in Net Assets	250,337	(425,297)	(15,104)	Audit: Exhibit A-2
Depreciation Expense	-	-	-	Financial Statements/Audit Workpapers
Interest Expense	-	-	-	Financial Statements/Audit Workpapers
Principal Payments	-	-	-	Financial Statements/Audit Workpapers
Interest Payments	-	-	-	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	276.9	306.3	336.2	DOE Enrollment Reports
March 30th Budgeted Enrollment	0	0	0	Charter School Budget

RATIOS ANALYSIS...				
Near Term Indicators	2013	2014	2015	3 YR CUM
1a. Current Ratio	5.78	5.30	5.07	Source: Current Assets/Current Liabilities
1b. Unrestricted Days Cash	97.04	46.98	51.31	Cash/(Total Expenses/365)
1c. Enrollment Variance	0%	0%	0%	Average Daily Enrollment/Budgeted Enrollment
1d.* Default	N/A	N/A	N/A	Audit
Sustainability Indicators				
2a. Total Margin	5%	-9%	0%	Change in Net Assets/Total Revenue
2b. Debt to Asset	0.17	0.19	1.23	Total Liabilities/Total Assets
2c.** Cash Flow	\$ 417,012	\$ (549,623)	\$ 49,410	Net change in cash flow from prior years
2d. Debt Service Coverage Ratio	N/A	N/A	N/A	(Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)

* Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No
 ** 2015 = 2015 Cash - 2014 Cash; 2014 = 2014 Cash - 2013 Cash; 2013 = 2013 Cash - 2012 Cash

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

SINGLE AUDIT SECTION

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

(908) 686-3484

FAX – (908) 686-6055

K-1
Page 1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of 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, 2015, and the related notes to the financial statements, which collectively comprise the Charter School’s basic financial statements, as listed in the table of contents, and have issued our report thereon dated December 14, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter School’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School’s internal control. A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

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

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

Compliance and Other Matters

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

We also noted other matters that we reported to the Board of Trustees of the Union County TEAMS Charter School in a separate report entitled, Auditor's Management Report on Administrative Findings dated December 14, 2015.

Purpose of this Report

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



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

December 14, 2015

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

(908) 686-3484

FAX – (908) 686-6055

K-2
Page 1

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROGRAM: REPORT ON INTERNAL CONTROL OVER
COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE AS REQUIRED BY OMB NEW JERSEY
OMB CIRCULAR LETTER 04-04**

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

Report on Compliance for Each Major Federal and State Program

We have audited the Union County TEAMS Charter School’s compliance with the types of compliance requirements described in the a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2015. The Union County TEAMS Charter School’s major federal and state programs are identified in the Summary of Auditor’s Results Section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter School’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB’s Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB’s Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements

Federal Grants, State Grants and State Aid. Those standards and New Jersey OMB's Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Union County TEAMS Charter School, in the County of Union, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of Union County TEAMS Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over compliance.

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

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

The purpose of this report on internal control over compliance to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirement of NJOMB 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Union County TEAMS Charter School, as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements. We issued our report thereon dated December 14, 2015, which contained unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibilities of management and was derived from and relates directly to the underlying accounting and other records used to prepare basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures and schedule of relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of NJOMB 04-04. Accordingly, this report is not suitable for any other purpose.



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

December 14, 2015

UNION COUNTY TEAMS CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment Of Prior Years' Balances	Balance at June 30, 2015	
				From	To						Accounts Receivable	Deferred Revenue
U.S. Department of Education												
Passed-through State Department of Education												
Special Revenue Fund:												
No Child Left Behind Cluster:												
84-010A	NCLB - 8010 - 15		116,771	7/1/14	6/30/15	-	96,150	(116,771)	-	-	(20,621)	-
Total No Child Left Behind Cluster												
Individuals with Disabilities Cluster:												
84-027	IDEA - 8010 - 15		60,585	7/1/14	6/30/15	-	52,066	(60,585)	-	-	(8,529)	-
Total Individuals with Disabilities Cluster												
Total Special Revenue Fund												
U.S. Department of Agriculture												
Passed-through State Department of Agriculture												
Enterprise Fund:												
10-553	School Breakfast Program	N/A	41,609	7/1/14	6/30/15	-	31,408	(41,609)	-	-	(10,201)	-
10-553	School Breakfast Program Carryover	N/A	5,422	7/1/13	6/30/14	(5,422)	5,422					
10-555	National School Lunch Program	N/A	86,934	7/1/14	6/30/15	-	63,289	(86,934)	-	-	(23,646)	-
10-555	National School Lunch Program Carryover	N/A	13,010	7/1/13	6/30/14	(13,010)	13,010					
10-558	National School Snek Program	N/A	683	7/1/14	6/30/15	-	541	(693)	-	-	(152)	-
10-558	National School Snek Carryover	N/A	121	7/1/13	6/30/14	(121)	121					
Total Enterprise Fund												
Sub-Total Federal Financial Awards												
							\$ 261,997	\$ (306,592)	\$ -	\$ -	\$ (63,148)	\$ -

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, 2015

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2014		Carryover/ (Waiver) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Reversals of Prior Year's Balance	Balance at June 30, 2015		MEMO	
			From	To	Revised Accounts Receivable	Deferred Interfund Payable					Due to Grantor	Budgetary Receivable		Cumulative Total Expenditures
State Department of Education														
General Fund:														
"Local Levy" State Share - Charter School Aid	15-495-034-5120-071	\$ 3,195,369	7/1/14	6/30/15	\$ -	\$ -	\$ 3,157,384	\$ (3,195,369)	\$ -	\$ -	\$ (37,985)	\$ -	\$ 37,985	\$ 3,195,369
"Local Levy" State Share - Charter School Aid	14-485-034-5120-071	2,797,686	7/1/13	6/30/14	(6,685)		6,685							92,506
Special Education Aid	15-485-034-5120-089	106,742	7/1/14	6/30/15			92,006	(92,006)						92,006
Security Aid	15-495-034-5120-084	92,006	7/1/14	6/30/15			115,766	(115,766)						115,766
On-Behalf TPAF Pension Contributions	15-495-034-5095-006	115,766	7/1/14	6/30/15			81,843	(86,764)			(4,921)		4,921	86,764
Reimbursed TPAF - Social Security	15-495-034-5095-002	86,764	7/1/14	6/30/15	(6,685)		3,546,190	(3,562,411)			(42,906)		42,906	3,582,411
Total General Fund														
State Department of Agriculture														
Enterprise Fund:														
National School Lunch Program (State Share)	15-100-010-3350-023	1,761	7/1/14	6/30/15	(267)		1,261	(1,761)			(500)		500	1,761
National School Lunch Program (State Share)	14-100-010-3350-023	267	7/1/13	6/30/14	(267)		1,528	(1,761)			(500)		500	1,761
Total Enterprise Fund														
Total All Funds														
State Financial Assistance Not Subject to Major Program Determination:														
General Fund:														
On-Behalf TPAF Pension Contributions	15-495-034-5095-006						(115,766)	115,766						(115,766)
Total State Financial Assistance														
Total State Financial Assistance														
\$ (6,952) \$ - \$ - \$ 3,451,952 \$ (3,468,406) \$ (43,406) \$ - \$ 43,406 \$ 3,468,406														

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, 2015

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

UNION COUNTY TEAMS CHARTER SCHOOL
Notes to the Schedules of Expenditures Of Awards and Financial Assistance
June 30, 2015

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 3,582,411	\$ 3,582,411
Special Revenue Fund	177,356	-	177,356
Food Service Fund	129,236	1,761	130,997
Total Awards & Financial Assistance	<u>\$ 306,592</u>	<u>\$ 3,584,172</u>	<u>\$ 3,890,764</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOAN OUTSTANDING

Union County TEAMS Charter School has no loan balances outstanding at June 30, 2015.

UNION COUNTY TEAMS CHARTER SCHOOL
Notes to the Schedules of Expenditures Of Awards and Financial Assistance
June 30, 2015

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, 2015. 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, 2015.

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

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

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in OMB Circular A-133; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. There are no schoolwide programs in the charter school.

UNION COUNTY TEAMS CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Section I – Summary of Auditor’s Results

Financial Statements

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

State Awards Section

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

GMIS Number(s)	Name of State Program
14-495-034-5120-071	Local Levy – State Share
_____	_____
_____	_____
_____	_____

UNION COUNTY TEAMS CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

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, 2015

***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, 2015

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.